

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1485 Session of  
1975

INTRODUCED BY BRUNNER, DeMEDIO AND MILLIRON, JUNE 16, 1975

REFERRED TO COMMITTEE ON FINANCE, JUNE 17, 1975

AN ACT

1 Amending the act of June 15, 1961 (P.L.373, No.207), entitled  
2 "An act providing for the imposition of certain taxes upon  
3 the transfer of property passing from a decedent who was a  
4 resident of the Commonwealth at the time of his death or  
5 presumed death and of property having its situs in the  
6 Commonwealth of a decedent who was a nonresident of the  
7 Commonwealth at the time of his death or presumed death;  
8 imposing additional taxes to equal Federal Estate Tax  
9 Credits; defining and taxing certain transfers made in  
10 contemplation of death, or to take effect in possession or  
11 enjoyment at or after death; defining as a transfer and  
12 taxing the right of survivorship in certain property as to  
13 which such right exists; defining and exempting from tax,  
14 transfers to certain persons or for certain purposes or of  
15 certain property; providing for the valuation of property and  
16 interests in property, the transfer of which is subject to  
17 tax; defining and allowing deductions from the value of  
18 property, the transfer of which is subject to tax; providing  
19 for the persons ultimately liable for taxes in the absence of  
20 a direction by the decedent to the contrary; providing for  
21 the reporting of transfers and collection of taxes; imposing  
22 penalties upon banks or other financial institutions for  
23 failure to give notice to the Department of Revenue of the  
24 death of a party to a joint or trust deposit therein and upon  
25 persons who fail to file tax returns and documents; providing  
26 for the compromise of taxes in the case of alleged  
27 nonresidents of the Commonwealth; making it unlawful for any  
28 person to make a false return or report; providing for liens  
29 upon real property, the transfer of which is subject to tax,  
30 and release thereof; authorizing the Secretary of Revenue to  
31 bring suits in other jurisdictions for the collection of  
32 taxes, and authorizing officials of other jurisdictions to  
33 bring suits in the Commonwealth for the collection of death  
34 taxes imposed by their jurisdictions; providing for the  
35 refund of taxes to which the Commonwealth is not rightfully

1 or equitably entitled; providing for appeals and protests  
2 from the imposition of taxes; regulating the entry into safe  
3 deposit boxes of a decedent by certain persons, and providing  
4 penalties; dealing with the jurisdiction, powers and  
5 procedure of the orphans' court, Secretary of Revenue,  
6 Department of Revenue, Attorney General, and register of  
7 wills in matters relating to taxes; and citing certain acts  
8 for repeal," further providing for the valuation of certain  
9 interests and providing penalties and appeal procedures.

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

12 Section 1. Sections 502, 503, 504, 717, 733, 735, 742, 771,  
13 901, and 906, act of June 15, 1961 (P.L.373, No.207), known as  
14 the "Inheritance and Estate Tax Act of 1961," are amended to  
15 read:

16 Section 502. Valuation of Life Interest.--The value of a  
17 life interest shall be determined in accordance with the  
18 [Mortality Table presently appearing as Table 38, Makehamized,  
19 in the volume entitled "United States Life Tables and Actuarial  
20 Tables, 1939-1941," published by the United States Department of  
21 Commerce, Bureau of the Census (1946),] life table for total  
22 males and the life table of total females appearing as Tables 2  
23 and 3 respectively in the volume entitled "United States Life  
24 Tables 1959-1961," published by the Department of Health,  
25 Education and Welfare, Public Health Services, with interest at  
26 the rate of [three and one-half (3 1/2)] six (6) percent per  
27 year, compounded annually.

28 Section 503. Valuation of Interest for Term Certain.--The  
29 value of an interest for a term certain shall be determined on  
30 the basis of interest at the rate of [three and one-half (3  
31 1/2)] six (6) percent per year, compounded annually.

32 Section 504. Valuation of Limited Estate; Yearly Income.--In  
33 determining the present value of a life interest or an interest  
34 for a term certain, other than payments in fixed amounts, the

1 yearly income, or the annual value of the use or income, to such  
2 interest, shall be considered equivalent to [three and one-half  
3 (3 1/2)] six (6) percent of the appraised value for inheritance  
4 tax purposes of the property upon which the interest is based.

5 Section 717. Interest.--If the inheritance tax is not paid  
6 before the date it becomes delinquent, thereafter interest on  
7 the unpaid tax shall be charged at the rate of [six (6) percent  
8 annually.] one (1) percent per month for each month or fraction  
9 thereof from the due date to the date paid, and a penalty shall  
10 be added to the delinquent tax of an additional ten (10) percent  
11 of the delinquent tax. Such penalty shall be deemed an  
12 additional tax and shall bear interest from the date the  
13 inheritance tax became delinquent. When payment of inheritance  
14 tax is not made because of litigation or other unavoidable cause  
15 of delay, and the property on which the tax has been calculated  
16 has remained in the hands of a fiduciary and has not produced a  
17 net income of six (6) percent annually, interest for such period  
18 shall be calculated at the rate of the net income produced by  
19 such property. When the decedent owned a future interest, and  
20 the tax thereon has not been paid prior to the time the  
21 decedent's estate is entitled to possession and enjoyment  
22 thereof, interest and penalty on such tax shall not begin to run  
23 until three (3) months after the decedent's estate becomes  
24 entitled to possession and enjoyment thereof. Any payment on  
25 delinquent inheritance tax shall be applied, first, to any  
26 interest due on the tax at the date of payment, and then, if  
27 there is any balance, to the tax itself. Reference in this act  
28 to imposition of interest on delinquent inheritance tax shall  
29 include penalty.

30 Section 733. Payment Date.--The estate tax imposed by

1 sections 421 and 431 is due at the date of the decedent's death,  
2 but shall not become delinquent until the expiration of  
3 [eighteen (18)] twelve (12) months after decedent's death:  
4 Provided, That any estate tax, imposed by sections 421 and 431  
5 of this act occasioned by a final change in the Federal return  
6 or of the tax due thereon, shall not become delinquent until the  
7 expiration of one (1) month after the person or persons liable  
8 to pay the tax have received final notice of the increase in the  
9 Federal estate tax.

10 Section 735. Interest.--If the estate tax imposed by  
11 sections 421 and 431 is not paid before it becomes delinquent  
12 under section 733, interest on the unpaid tax shall be charged  
13 thereafter at the rate of [six (6) percent annually.] one (1)  
14 percent per month for each month or fraction thereof from the  
15 due date to the date paid, and a penalty shall be added to the  
16 delinquent tax of an additional ten (10) percent of the  
17 delinquent tax. Such penalty shall be deemed an additional tax  
18 and shall bear interest from the date the estate tax became  
19 delinquent. Reference in this act to imposition of interest on  
20 delinquent estate tax shall include penalty.

21 Section 742. Duties of Depositories.--When money is  
22 deposited or invested in a financial institution located in  
23 Pennsylvania in the names of two or more persons, other than  
24 husband and wife, or in the name of a person or persons in trust  
25 for another or others, and one of the parties to the deposit or  
26 investment shall die, it shall be the duty of the financial  
27 institution, within ten (10) days after knowledge of the death,  
28 to notify the Department of Revenue thereof, giving the name of  
29 the deceased person, the date of the creation of the joint or  
30 trust deposit or investment, the amount invested or on deposit

1 at the date of death with the financial institution, and the  
2 name and address of the survivor or survivors to the account. No  
3 notification shall be required in regard to such accounts when  
4 the deposit at the time of death does not exceed three hundred  
5 dollars (\$300).

6 No financial institution with whom property is deposited in  
7 the names of two or more persons, other than husband and wife,  
8 or in the names of one or more persons in trust for another or  
9 others, shall transfer or deliver, after the death of one or  
10 more such persons, that fractional portion of such property,  
11 which under sections 226 or 241, is deemed to have been  
12 transferred subject to tax under this act unless said tax has  
13 been paid and a receipt produced to the financial institution or  
14 unless the Secretary of Revenue consents thereto, by issuance of  
15 the official waivers which permit such institutions to make the  
16 deliveries or transfers.

17 Upon any such tax becoming delinquent and upon receipt of a  
18 bill therefor from the Commonwealth, the financial institution  
19 shall immediately pay over to the Commonwealth all tax and  
20 interest due and owing and shall thereafter be authorized to  
21 make the deliveries or transfers of the balance of said account.

22 Any financial institution which permits such a transfer or  
23 delivery in violation of the provisions of this section shall be  
24 liable to the Commonwealth for the amount of tax and interest  
25 due upon the transfer of such property.

26 Notwithstanding any provision to the contrary no financial  
27 institution shall be required to withhold tax or be liable for  
28 any tax in regard to such accounts when the deposit at the time  
29 of death does not exceed three hundred dollars (\$300).

30 Section 771. When Required.--The court, in its discretion,

1 at any time after a tax imposed by this act shall become  
2 delinquent, upon application of the Secretary of Revenue, may  
3 require any person liable for a tax imposed by this act to give  
4 a bond for its payment. The bond shall be in the name of the  
5 Commonwealth, in such amount and with such surety as the court  
6 shall approve, and conditioned for the payment of the tax, plus  
7 interest and penalty thereon [at the rate of six (6) percent  
8 annually,] commencing on the date the tax became delinquent,  
9 within a time certain to be fixed by the court and specified in  
10 the bond.

11 Section 901. When Refunds Will be Made.--A refund shall be  
12 made of any tax to which the Commonwealth is not rightfully or  
13 equitably entitled, provided (1) the [Commonwealth] Board of  
14 Finance and Revenue determines the refund is due, [or] and (2)  
15 application for refund is made within the appropriate time limit  
16 as set forth in section 904.

17 Section 906. [Finality] Judicial Review of Board Action.--  
18 [The] (a) Any applicant for refund of tax not satisfied with the  
19 action of the Board of Finance and Revenue on [all applications]  
20 the application for refund of tax [shall be final.] may appeal  
21 therefrom to the court of common pleas, orphans' court division  
22 within sixty (60) days after date of mailing of notice of entry  
23 of the board's order.

24 (b) The right of appeal provided in subsection (a) shall  
25 also extend to action by the Board of Finance and Revenue on  
26 applications for refund of taxes paid under (1) any act  
27 specified in section 1201, or (2) any other predecessor statute  
28 relating to such taxes.

29 Section 2. This act shall take effect immediately.