

## AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," further providing for transfers not subject to  
11 tax.

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

14 Section 1. Section 2111 of the act of March 4, 1971 (P.L.6,  
15 No.2), known as the Tax Reform Code of 1971, is amended by  
16 adding a subsection to read:

17 Section 2111. Transfers Not Subject to Tax.--\* \* \*

18 (t) The following shall apply:

19 (1) A transfer of all business assets, including real estate  
20 between members of the same family, provided that:

21 (i) After the transfer, all assets, including real estate,  
22 continue to be devoted to the same business for a period of five

1 years beyond the transferor's date of death. An asset under this  
2 article which is no longer devoted to the same business within  
3 five years beyond the transferor's date of death shall be  
4 subject to inheritance tax due the Commonwealth under section  
5 2107, in the amount that would have been paid or payable on the  
6 basis of valuation authorized under section 2121 for nonexempt  
7 transfers of property, plus interest accruing as of the  
8 transferor's date of death, at the rate established in section  
9 2143.

10 (ii) A tax imposed under section 2107 shall be a lien in  
11 favor of the Commonwealth upon the property no longer being  
12 devoted to the same use, collectible in the manner provided for  
13 by law for the collection of delinquent taxes, including the  
14 personal obligation of the owner of the property at the time of  
15 the change of use.

16 (iii) Every owner of any asset exempt under this subsection  
17 shall certify to the department on an annual basis that the  
18 asset qualifies for this exemption and shall notify the  
19 department within thirty days of any transaction or occurrence  
20 causing any asset to fail to qualify for the exemption. Each  
21 year the department shall inform all owners of their obligation  
22 to provide an annual certification under this subparagraph. The  
23 certification and notification shall be completed in the form  
24 and manner as provided by the department.

25 (2) Subclause (1) shall apply to the transfer of assets if  
26 the business is owned wholly by members of the same family  
27 before the transfer. For the purposes of this subsection,  
28 business assets shall also include any asset leased to a  
29 business owned wholly by members of the same family before the  
30 transfer by a member of the same family.

1       Section 2.   The addition of section 2111(t) of the act shall  
2   apply to the estates of decedents dying after June 30, 2013.  
3       Section 3.   This act shall take effect in 60 days.