

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 922 Session of
1989

INTRODUCED BY GRUITZA, McVERRY, KOSINSKI, MAIALE, CHADWICK,
HAGARTY, R. C. WRIGHT, WOZNIAK, HALUSKA AND PICCOLA,
APRIL 3, 1989

REFERRED TO COMMITTEE ON FINANCE, APRIL 3, 1989

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, increasing the exemption
3 for inter vivos transfers made within one year of the death
4 of the transferor; and clarifying the exemption from
5 inheritance taxation for employment benefits.

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

8 Section 1. Sections 1707(c)(3) and 1711(r) of Title 72 of
9 the Pennsylvania Consolidated Statutes are amended to read:

10 § 1707. Transfers subject to tax.

11 * * *

12 (c) Inter vivos transfers.--

13 * * *

14 (3) A transfer conforming to paragraph (1) and made
15 within one year of the death of the transferor is subject to
16 tax only to the extent that the value at the time of the
17 transfer or transfers in the aggregate to or for the benefit
18 of the transferee exceeds [\$3,000] \$10,000 during any
19 calendar year.

1 * * *

2 § 1711. Transfers not subject to tax.

3 * * *

4 (r) [Employment benefits] Retirement plans and similar
5 employment benefits.--Payments under any retirement plan which
6 is qualified for Federal income tax purposes, including, but not
7 limited to, pension, stock bonus, profit-sharing [and other
8 retirement plans including, but not limited to], H.R.10 plans,
9 deferred compensation, individual retirement accounts,
10 individual retirement annuities and individual retirement bonds
11 [to distributees designated by decedent or designated in
12 accordance with the terms of the plan], are exempt from
13 inheritance tax [to the extent that decedent before his death
14 did not otherwise have the right to possess (including
15 proprietary rights at termination of employment), enjoy, assign
16 or anticipate the payment made. In addition to this exemption,
17 whether or not the decedent possessed any of these rights, the
18 payments are exempt from inheritance tax to the same extent that
19 they are exempt from Federal estate tax under the provisions of
20 the Internal Revenue Code of 1954, as amended, any supplement to
21 the code, or any similar provision in effect from time to time
22 for Federal estate tax purposes, except that a payment, which
23 would otherwise be exempt for Federal estate tax purposes if it
24 had not been made in a lump-sum or other nonexempt form of
25 payment, shall be exempt from inheritance tax even though paid
26 in a lump-sum or other form of payment]. A retirement plan is
27 qualified for Federal income tax purposes if income earned in
28 the plan is exempt from Federal income tax under section 501(a)
29 or comparable future provisions of the Internal Revenue Code of
30 1986 (Public Law 99-514, 26 U.S.C. § 501(a)). The proceeds of

1 life insurance otherwise exempt under subsection (d) shall not
2 be subject to inheritance tax because they are paid under a
3 [pension, stock bonus, profit-sharing, H.R.10 or other]
4 retirement plan.

5 Section 2. This act shall apply to the estates of all
6 decedents dying on or after the effective date of this act and
7 to inter vivos transfers made by decedents dying on or after its
8 effective date regardless of the date of the transfer.

9 Section 3. This act shall take effect immediately.