

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 706 Session of 2019

INTRODUCED BY GREINER, DUNBAR, RYAN, BERNSTINE, READSHAW, KAUFFMAN, SAYLOR, IRVIN, LONGIETTI, ZIMMERMAN, HILL-EVANS, PICKETT, B. MILLER, F. KELLER, GILLEN, COX AND GABLER, MARCH 5, 2019

REFERRED TO COMMITTEE ON FINANCE, MARCH 5, 2019

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," in personal income tax, providing for revocable
 11 trusts treated as part of estate.

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

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

17 Section 336.3. Revocable Trusts Treated as Part of Estate.--

18 (a) For purposes of this article, if both the executor of an
 19 estate and the trustee of a qualified revocable trust elect the
 20 treatment provided under this section, the trust shall be
 21 treated and taxed as part of the estate and not as a separate

1 trust for all taxable years of the estate ending after the date
2 of the decedent's death and before the applicable date.

3 (b) The election under subsection (a) shall be made not
4 later than the time prescribed for filing the return of tax
5 imposed under this article for the first taxable year of the
6 estate, determined with regard to extensions and, once made,
7 shall be irrevocable.

8 (c) As used in this section, the following words and phrases
9 shall have the meanings given to them in this subsection unless
10 the context clearly indicates otherwise:

11 "Applicable date" means:

12 (1) if no return of tax imposed by Article XXI is required
13 to be filed, the date which is two years after the date of the
14 decedent's death; or

15 (2) if a return of tax imposed by Article XXI is required to
16 be filed, the date which is six months after the date of the
17 final determination of the liability for tax imposed by Article
18 XXI.

19 "Qualified revocable trust" means any trust or portion of a
20 trust which was treated under section 2107(c)(7) as owned by the
21 decedent of the estate referred to in subsection (a) by reason
22 of a power in the grantor.

23 Section 2. The addition of section 336.3 of the act shall
24 apply to tax years beginning after December 31, 2019.

25 Section 3. This act shall take effect in 60 days.