

# PENN ATTORNEYS

## TITLE ALERT

**DATE: 8/23/05**

**RE: Underwriting Bulletin 2005-17  
Inheritance Tax Reminder**

It is important to remember that Pennsylvania inheritance taxes can remain an unrecorded "secret" lien for 20 years and 9 months from the date of death; once filed in the manner judgments are filed, they remain a lien indefinitely as do other liens in favor of the Department of Revenue. However, if not filed as a judgment within 20 years and 9 months, the interest of an intervening bona fide purchaser for value is free and clear of the lien [72 P.S. Section 9101, et seq.].

Hence, in any situation where there is no evidence of inheritance tax having been paid of record in the Register of Wills Office of the respective county in question then it must be collected and paid (or sufficient funds held in escrow) from funds at your settlement. The only exception is when an attorney is involved in handling the estate. If that is the case, you can proceed with closing upon receipt of an attorney's letter stating that the attorney or law firm will be responsible for paying any and all inheritance taxes that are due and owing on behalf of the estate.

Another situation where inheritance tax becomes an issue is a deed transfer for no or nominal consideration and the Grantor dies within a year of the deed transfer. In that instance, the transferred property would be subject to inheritance tax [72 P.S. Section 9107 (c) (3)]. Moreover, the valuation date will be the date of the grantor's death for all cases where the property was transferred during the grantor's life. This rule does not apply to property that is held in trust [72 P.S. Section 9121(a)].

PLEASE INSERT INTO YOUR FORMS, POLICIES & PROCEDURES BINDER

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