

Tax Committee Minutes – October 5, 2010 at 4 pm

Officials from the PA Department of Revenue

Speakers: Paul Dibert, Chief of the Inheritance Tax Division

Jim Millar, General Counsel

What's going on with the Inheritance Division:

General Information:

- \$61.6 million has been collected by the inheritance department this fiscal year, which is equal to the estimated budget
- Notices of Assessments are being issued about 3 months after filing with the Registers of Wills
 - Currently 17,124 assessments are in queue as of last week
- The telephone system is currently being revised and will updated in the next two-three weeks
- Scheduled to put into effect new software at the end of 2012 –early 2013
- With each new Administration in the PA government, there is a transition team that speaks to management about what projects they are working on, how long everything is scheduled to take, how much it will cost and do a cost/benefit analysis before deciding whether to proceed with each project. The management is currently preparing for the inevitable transition team.
- Beginning Friday October 8, 2010, Philadelphia register of Wills will allow online filing of creation of estate record, POA, and payments. The system will update everyday and therefore any payments made should appear that night online. The Estate Returns will still not be filed online.

The Amnesty Program

- The program ended up being a great success for the Inheritance Division
- The Inheritance Division has thus far received \$19,360,000 from the program and expects to hit \$20 million by the end. Initially, the program was only expected to generate around \$3million. Much of this was self-reporting.
- Enforcement of Amnesty collections will be through Collection and Taxpayer Services (CATS)

Resumption of the PA Estate Tax

- The Division is currently preparing their employees for the resumption of the PA Estate Tax on 1/1/11 as EGTRRA sunsets on 12/31/10.
- The last time the department had to review a FORM 706 to check for credits was in 2004

Wrongful Death and Survival Lawsuits:

- Currently 50+ counties in PA required preapproval by the division before going to court
- To get preapproval, you must file a petition- a letter will be insufficient
 - Currently the turnaround is 15 days if all the materials are in, but there is a guaranteed 30 day turn around for preapproval
 - The person reviewing the petition does not look at the size of the estate before reaching a decision
- A preapproval letter will be sent to the court, rather than a person because it is not cost effective to send personnel out

- Know the difference between a Wrongful Death Suit and a Survival Action:
 - A survival action is an action belonging to the decedent's estate, and the damages recovered in a survival action are subject to estate and inheritance. The damages in a survival action are distributed according to the decedent's will if he died testate or according to the intestate laws if he died intestate.
 - A wrongful death action belongs to the spouse, parents and children of the deceased for their losses resulting from the death. The action does not belong to the estate. Damages are not subject to estate or inheritance taxes or to the claims of creditors and are distributed according to the intestate laws regardless of whether there is a will.

- **Who to Call:**
 - Paul Divert can no longer answer your questions, he will have to send you to someone else
 - General inquiry: 717-787-8327
 - Trust Valuation Specialists:
 - Holly Moore –717- 787-1794
 - Shannon Baker – 717-783-5824
 - William Lyons –717- 787-5826
 - Business Valuation:
 - Bryan Rondon – 717-783-5825
 - General Counsel's Office: 717-787-1382
 - Jim Millar -717-346-4649

- If you are calling for information about an estate, you must be the estate representation, executor, or administrator/POA holder with the File # and date of death. If you don't have this information and/or are not one of those people listed above, the Department will not talk to you because they have a zero tolerance policy.