

Pennsylvania Inheritance Tax Guide

What every Pennsylvania family should know about inheritance tax rates, exemptions, and reduction strategies.

What is Pennsylvania inheritance tax?

Pennsylvania imposes an inheritance tax on the transfer of property at death. Unlike the federal estate tax, there is no exemption amount. The tax applies from the first dollar, and the rate depends on the relationship between the decedent and the beneficiary.

Inheritance tax rates

Rates are current as of 2025 and have been stable for many years:

- 0% — to a surviving spouse
- 0% — to a parent from a child age 21 or younger
- 4.5% — to direct descendants and lineal heirs (children, grandchildren, parents, grandparents)
- 12% — to siblings
- 15% — to all other beneficiaries (nieces, nephews, friends, unmarried partners)
- 0% — to qualifying charities and government entities

5% prepayment discount

Pennsylvania allows a 5% discount on inheritance tax paid within three months of the date of death. Executors often prepay an estimated amount to capture this discount, then reconcile on the final REV-1500 return.

What is taxed

- Real estate located in Pennsylvania, regardless of where the owner lived
- Probate assets of a Pennsylvania resident, wherever located

- Bank and brokerage accounts, and most personal property
- Jointly held property (at the decedent's fractional interest, with limited spousal exceptions)
- Retirement accounts, with one important exception (see below)

Key exemptions

- Spousal transfers: fully exempt
- Life insurance paid to a named beneficiary: fully exempt
- Family exemption: \$3,500 for surviving spouse or qualifying household members
- Family-owned business interests: exempt under 72 P.S. § 9111(t) if requirements are met
- Agricultural real estate transferred to qualifying family members: exempt

The retirement account exception

A traditional IRA, Roth IRA, 401(k), or 403(b) is exempt from Pennsylvania inheritance tax if the decedent died before reaching age 59½. If the decedent died at 59½ or older, the full account value is taxable at the beneficiary's rate. This is a genuine planning opportunity for clients with significant pre-tax retirement assets.

Common reduction strategies

- Lifetime gifting more than one year before death (Pennsylvania has no gift tax)
- Naming individuals as direct beneficiaries on life insurance
- Joint titling with a spouse
- Using the family-owned business exemption or agricultural exemption
- Charitable bequests
- Structured irrevocable trust planning for high-net-worth families

Filing and payment

The inheritance tax return (REV-1500) is due nine months after the date of death, filed with the Register of Wills in the decedent's county of residence. Payment is due at the same time.

When to plan ahead

Most inheritance tax savings require action years before death. Waiting until a health crisis usually leaves the family with few options. A consultation during a person's 50s or 60s is often the right time to start.

This guide is for general educational purposes and does not create an attorney-client relationship or constitute legal advice. Pennsylvania law changes, and your facts may require a different strategy. Consult an attorney before acting.

For a Pennsylvania-specific consultation, call Quinlan Law Group at (717) 724-7503 or visit paestateplanning.attorney.