

REALTY TRANSFER TAX

FREQUENTLY ASKED QUESTIONS

Q: *What is Realty Transfer Tax?*

A: There is a state tax and municipal tax totaling 2% of the value of the property being conveyed, with the exception on a property transferred in the City of Scranton. The total Realty Transfer Tax collected on a property in Scranton is 3.7%.

Q: *Who pays the transfer tax?*

A: The state and local governments do not care who pays the transfer tax as long as it is paid. The Recorder of Deeds office will not accept a deed unless the tax is paid at the time of recording. In most sales agreements, the seller and the buyer split the tax. However, the new owner is responsible if there is any question over the amount of tax paid.

Q: *Are any transactions exempt?*

A: Some are. Conveyances between husband and wife, parent and child, grandparent and grandchild and brothers and sisters are exempt transactions. There some other exemptions allowed in certain situations. It is best to consult with an attorney.

Note: non-profit corporations are not exempt. In most cases the transfer is taxable.

Q: *When is a Statement of Value Required?*

A: Anytime the transfer is not paid or anytime the true value of the land is not shown on the deed (such as in a \$1.00 consideration). State investigators review each deed to see if the value is as stated or if the reason given for the exemption is valid.

Q: *Why is additional transfer tax sometimes due?*

A: This happens when the state investigator determines the property being sold is worth more than stated or if the reason for the exemption is not valid.

Q: *How is additional realty transfer tax paid?*

A: A “re-determination” is sent directly to you by the Pennsylvania Department of Revenue. The additional state tax and interest are paid to them. They also issue a state receipt to our office. In most cases a matching amount of municipal tax is also due. You will receive a notice from this office with the amount of the municipal transfer tax that is due as a result of the re-determination. The municipal tax is paid by bringing the deed (must be the original – no copies will be accepted) in question to our office with a check for the amount due. The deed is then re-recorded for the usual recording fees. If the original deed is not available, a certified copy of your deed can be used to record for the additional taxes to be paid.

Q: *Is a transfer between divorced parties exempt?*

A: A deed that was recorded with husband and wife holding title can be transferred to either ex-spouse and is exempt from the tax. However, if the ex-spouse has remarried and you are transferring to your ex-spouse and his/her new spouse there will be a transfer tax which will vary depending on the location of the property.