

Income/Franchise:

Pennsylvania: New Law Modifies Tax Treatment of Certain Grantor Trusts

S.B. 815, signed by gov. 12/14/23. Effective for tax years beginning on or after January 1, 2025, new law makes changes to the taxation of certain resident and nonresident trusts for Pennsylvania personal income tax purposes, providing that certain income received by a resident or nonresident trust shall be taxable to the grantor of the trust, or another person, to the extent the grantor or other person is treated as the owner of the trust for federal income tax purposes.

URL: https://www.legis.state.pa.us/cfdocs/billinfo/bill_history.cfm?year=2023&ind=0&body=S&type=B&bn=815

Effective immediately, this legislation also revises Pennsylvania's "Manufacturing Innovation and Reinvestment Deduction" (QMIRD) by, among other changes, lowering the minimum private capital investment from \$60 million to \$50 million.

See recently issued Multistate Tax Alert for more details on the grantor trust taxation law changes, including some related taxpayer considerations, and please contact us with any questions.

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