

Transfer:

Pennsylvania: Transfer of Interest in Real Estate Company Between Trusts Deemed Nontaxable

Case No. 502 F.R. 2022, Pa. Commw. Ct. (5/15/25). In a case involving real property owned by a limited liability partnership operating as a “real estate company,” the Pennsylvania Commonwealth Court *en banc* (Court) affirmed a 2024 panel decision, which held that Pennsylvania’s realty transfer tax did not apply to the acquisition of the real estate company, specifically the transfer of 90% or more of the ownership interest in the real estate company from the trustee of a living trust to the beneficiary of a living trust. In doing so, the Court agreed that:

URL: https://www.pacourts.us/assets/opinions/Commonwealth/out/502FR22_5-15-25.pdf

1. The transfer of ownership interest in the real estate company facially met the statutory requirements for exclusion from realty transfer tax pursuant to the relevant Pennsylvania statute, and
2. This statutory exclusion applies to both a direct transfer of real property and an acquisition of a real estate company.

The Court further held that to the extent of the application of this exclusion, the Pennsylvania Department of Revenue’s regulation conflicts with the enabling statute and “must be disregarded.” Please contact us with any questions.

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