



Pennsylvania Joins States Requiring Two Deed Process

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According to information recently released by the Worldwide ERC Coalition— Center for Governmental Issues, Pennsylvania will be joining the ranks of states requiring a two-deed process using a blank deed, as a taxable transaction. The State of Pennsylvania has recently begun to treat residential property transfers from an employee to a relocation management company (RMC), or the employer, using a blank deed, as a taxable transaction for the purpose of assessing and collecting the Pennsylvania transfer tax. Although details of this change do not yet appear to be in writing, Pennsylvania recently issued new transfer tax regulations, which require two taxes in situations where two transfers are combined in one document.

The regulations do not specifically mention relocation blank deed transactions; however, the Coalition's interpretation of the Pennsylvania transfer tax statute is that it will probably extend to such transactions. It is Paragon's understanding that the transfer tax is based on 1% of the sale price of the home on both transfers and in accordance with the new local custom, Paragon will immediately begin processing closings in the state of Pennsylvania utilizing the two-deed process. It is important to note that one of the recording fees in two-deed states is considered income to the employee and tax assistance should be considered. For additional information, please refer to the White Paper in the attachment or contact your Paragon Account Director should you have any questions or concerns.

About Paragon

Originally founded as a relocation consulting company specializing in domestic and international relocation and global assignment program development consulting, our mission was to develop cost-effective mobility programs that offered more services to the transferring employee, at less cost to the organization. Today, we maintain an extensive consulting practice focused on global mobility issues in their entirety.

Paragon's Consultants have worked with companies throughout the world in virtually every industry to revise, develop, or otherwise build a relocation policy providing your firm considerable experience in policy development.

Questions, comments, or to unsubscribe email us at consultingservices@paragonrri.com
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