

Act 13 of 2019 Beginner Farmer Realty Transfer Tax Exemption Cheat Sheet

Summary:

- Realty transfer tax shall not be imposed upon a transfer of real estate that is subject to an agricultural conservation easement established under Act 43 “Agricultural Area Security Law” to a qualified beginner farmer
- Bureau of Farmland Preservation will review and approve applications for qualified beginner farmers for this Act
- Applies to eligible transfers starting July 1, 2019

Qualified Beginner Farmer (QBF):

- Definition
 - 1) has demonstrated experience in ag industry or related field or has transferable skills
 - 2) has not received federal gross income from ag production for more than 10 most recent taxable years
 - 3) intends to engage in ag production in PA and to provide majority of the labor and management involved in that ag production
 - 4) has obtained written certification from the Department confirming beginning farmer status

Eligible Transfers:

- transfer of preserved farm to qualified beginner farmer (easement must be under authority of “Agricultural Area Security Law”)
- transfers of farms preserved through land trusts are not eligible unless it was a joint county/land trust purchase under Agricultural Area Security Law

Realty Transfer Tax Exemption:

- exemption applies to both state and local realty transfer tax for eligible transactions
- exemption applies to realty transfer tax imposed upon both the grantor and grantee

QBF Certification Process:

- applicants can obtain the certification form on the Bureau’s website at www.agriculture.pa.gov/Plants_Land_Water/farmland under Forms
- recommend applicants submit their application for QBF status at least 20 days prior to settlement
 - RTT is collected by county Recorder of Deeds at the time of recording
 - A written certification from the Department confirming QBF status is needed at this time in order to claim the exemption at the time of recording
- if settlement and recording occur prior to receiving QBF status, the applicant may still apply for QBF status but they will need to pay the RTT up front and submit an application for refund through the Department of Revenue (DOR) using Form REV-1651
 - Other RTT questions can directed to DOR at (717) 783-8104
- additional information which is helpful if provided
 - contact info for applicant (phone number)
 - info about property transferred such as parcel number(s) and address
 - when property was preserved and by whom (if known)