



**February 16, 2007**  
**Pennsylvania Realty Transfer Tax**  
**No. RTT-07-002**  
**Transfer of Real Estate to Homeowners' Association**

ISSUE

Is the transfer of real estate that is restricted to common use from the owner to the homeowners' association subject to the Pennsylvania Realty Transfer Tax?

CONCLUSION

The transfer is from one entity to another entity and therefore is subject to Pennsylvania Realty Transfer Tax.

FACTS

The facts as contained in your letter are that your client, Taxpayer, purchased real estate in 2005 from the developer of the Subdivision. It was later determined that the real estate was not suitable for construction of a residence. Taxpayer now wishes to gift the real estate to the Homeowners' Association. You have enclosed a copy of the draft deed which has restrictions that Homeowners' Association may only use the real estate as a common area within the development. You have researched this transfer and can find no exclusion from the tax within the Act.

DISCUSSION

Realty transfer tax is imposed upon any document that evidences the transfer of title to real estate located within the Commonwealth. 72 P.S. § 8102-C. Any deed evidencing such a transfer will be subject to tax absent an applicable exclusion. As you have pointed out, there is no exclusion for this transfer; therefore, the transfer is subject to Pennsylvania Realty Transfer Tax.