

CHOOSING THE RIGHT COMMUNITY

PENNSYLVANIA VS. DELAWARE

Individual income tax rates in Pennsylvania are a flat 3.07%. Delaware maintains a graduated income tax rate going as high as 6.6%. It only takes \$60,000 of taxable income for single or married filing jointly taxpayers to reach the 6.6% tax rate in Delaware.

So for a married couple filing jointly with taxable interest, dividends and capital gains of \$150,000, the tax liability in Pennsylvania is \$4,605 versus \$6,035 in Delaware.

STATE INCOME TAX

TAXABLE RETIREMENT INCOME

Pennsylvania does not tax distributions from pensions, individual retirement accounts (IRAs), 401Ks or Social Security. Delaware taxes on all of those incomes.

Taking the example of a married couple filing jointly with pensions and IRAs of \$100,000, the tax liability in Pennsylvania is \$0. In Delaware it is roughly \$3,500 by comparison.

PA TAX FORGIVENESS

Pennsylvania maintains a special tax forgiveness on certain qualified income. Depending on the amount of income and source and other qualifying factors, you may find that no income tax is due.

For a married couple, filing jointly, with 401K income of \$100,000 and dividend income of \$12,000 would pay no tax in Pennsylvania. However in Delaware your tax liability would be roughly \$3,900. As long as your “other” income – interest, dividends, capital gains, etc. are below \$13,000 for a married couple filing jointly – no income tax is due in Pennsylvania.



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