

# Making Florida Your Domicile

Sunshine, beaches, attractive housing options—it is no wonder that Florida is one of the most popular places to live in the U.S. It also has a well-deserved reputation as a tax-friendly state, with advantages that include:



## No state income tax

Florida is one of only seven states in the nation—and the only one in the Southeast—with no personal income tax.



## No state death or inheritance tax

Another significant tax benefit for the state's residents is that Florida imposes no death tax, sometimes referred to as an estate or inheritance tax.



## Potentially lower property taxes

Florida's Homestead Exemption and Save Our Homes assessment limitation help many Florida homeowners save money on their property taxes every year.



## Favorable asset protection laws

Compared with the laws of most other states, Florida provides an attractive environment for those concerned with protecting assets from lawsuits.

Obtaining Florida tax benefits can be straightforward if your only home is in Florida. However, the circumstances are much more complicated if you maintain another residence elsewhere, especially if it is in a state with an income tax and/or estate or inheritance taxes.

## The distinction between domicile and residence

In everyday conversation, most people think of domicile and residence as being synonymous. However, for state legal and tax purposes, there's a significant difference between the two. This can have serious consequences.

Most states define your legal residency based on domicile—the place where you maintain a dwelling that you intend to be your permanent home. You may have several residences, but you can have only one domicile at a time. And once you establish a domicile, you retain it until another is named.

If you maintain dual residency in Florida and another state, the critical issue becomes convincing the taxing authorities of that state that Florida is now your domicile. This is not just a technicality: Since northern states in particular lose many residents—and substantial tax revenues—to warmer climates, they take matters of domicile seriously. In fact, a number of them have teams of auditors who aggressively pursue people that they think have more ties to their states than they do to Florida.

## Establishing Florida as your domicile

Becoming a resident of Florida in the eyes of Florida's government is not especially difficult. The real concern is making sure you do what is needed to avoid being presented with a tax bill by another state.

There are several steps you can take to establish Florida as your domicile and keep the other states at bay. Some of these are as simple as obtaining a Florida driver's license and registering to vote. Others are more complicated and less obvious; they include steps such as obtaining a written, non-resident tax opinion from tax counsel in your state of origin and focusing your main activities and affiliations in Florida.

## Case studies to avoid costly domicile pitfalls

Case	Takeaway
<p>1. Charles and Catherine bought their dream home in Florida and moved as soon as the purchase closed. While the retired couple kept their old home in the North for occasional visits, they wanted to make Florida their permanent residence. They registered to vote in the Sunshine State, got their Florida driver's licenses, and applied for a Homestead Exemption. Unfortunately, Charles and Catherine were unaware that they had missed several important steps, including filing a Florida Declaration of Domicile. As a result, their original home state was able to claim that the couple should still pay state income tax and be subject to its estate/inheritance tax.</p>	<p>Not completing all the necessary steps to establish Florida as your domicile is a common and costly mistake.</p>
<p>2. Allan bought a home in Florida and assumed he would get the Florida Homestead Exemption. He qualified for it—he owned his Florida home before January 1 of the filing year and made the property his permanent residence—but he did not file with the county property appraiser to claim the tax break. He was shocked when his property tax bill arrived and it was thousands of dollars higher than expected.</p>	<p>Do not assume you will automatically get the Homestead Exemption. You must apply with the county property appraiser to receive the benefit.</p>
<p>4. Joan took care of the Florida domicile requirements and managed all the ongoing related matters without involving her husband Jerry. When Joan passed away, Jerry started spending more time at their old home in the Midwest and even started voting in local and state elections there. Unfortunately for Jerry, that state successfully made the case that he was still a resident and was required to pay state income and other taxes. Since Florida does not have a state income tax, it was a startling—and unpleasant—surprise.</p>	<p>Both spouses need to understand domicile requirements and review these with specialists once a year.</p>

## Key Private Bank—your Florida wealth management connection

Key Private Bank's Florida Wealth Management Team has a long history of serving clients who move to Florida from northern states. We can guide you through Florida's domicile requirements to ensure that you stay in control of your wealth and income, wherever you are. And by working closely with you to explore all your options and opportunities, we help you make decisions that best fit your goals and dreams.

For more information, [contact your Key Private Bank Advisor](#), or [find out more about our services in Florida by visiting \[key.com/Florida\]\(http://key.com/Florida\)](#).

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