

TAX ADVANTAGES OF RESIDENCE IN FLORIDA

Legal residents of Florida pay no state income tax or state gift tax. Similarly, their heirs pay no state inheritance tax, which is commonly collected by other states. In addition, Florida has no separate estate tax, and our state's Constitution bans the separate imposition of an estate or inheritance tax of the kind present in many other states.

Real property taxes in Florida are generally imposed at a much lower rate than in other states, and the first \$50,000 in value of property constituting "homestead" under Florida law is wholly exempt from city and county taxes. Additionally, a Florida homestead residence is generally exempt from the claims of the owners' creditors (however, the 2005 Federal Bankruptcy Act put limits on homestead protection in certain circumstances). Finally, the Florida Constitution places strict limits on the amount by which any re-assessments of the taxable value of homestead property can increase. The annual increase of the assessed value of homestead property is limited to the *lower* of (1) the increases in the Consumer Price Index or (2) three percent. In our opinion, this is an extremely important consideration when deciding whether to become a Florida resident.

To enjoy the tax benefits of legal residency in Florida, it is important to make your intent to reside here clear enough so that no other state will attempt to levy taxes against you or your estate. Short of year-round residency, there is no bright line test for determining when one is or is not a resident of Florida. Listed below are some of the steps you can take to indicate your intent to become a legal resident of Florida. Although it would be impossible or impractical for most people to take every step listed, the more of these steps you take, the better your case for Florida residency.

- File a Declaration of Domicile in the Clerk of Circuit Court's office in the County Courthouse and send a copy to the appropriate taxing authority in your former state.
- Obtain a Florida driver's license.
- Register to vote (and vote) in Florida. Do not vote or contribute to political campaigns in your former state.
- Apply for the Homestead Exemption if you own a residence in Florida.
- Transfer your out-of-state accounts to a bank in Florida.
- Arrange for any direct deposits, such as Social Security, to be deposited into your Florida bank account.
- Open a safe-deposit box at a Florida financial institution for the safekeeping of your securities and valuable documents. Close all safe-deposit boxes outside of Florida.

- Move all of your personal items with significant monetary or sentimental value to Florida.
- Change the address of record on all stocks, bonds and other securities to your new Florida address.
- If you have a brokerage account, move your account to the Florida office of your existing national brokerage firm or to a local brokerage firm.
- File your Federal Income Tax Return with the Internal Revenue Service processing center in Atlanta, Georgia, using your Florida address. File a final state income tax return as a part-year resident through the day you moved from your former state. Then, if you receive no income from your former state, stop filing state income tax returns, or, if you still receive income from your former state, file a non-resident income tax return for that portion of your income.
- Declare Florida your legal residence when you make or revise your will.
- Use your Florida address in all business and social correspondence.
- Identify Florida in written and oral communication as your permanent home.
- Sell any real property that you own outside of Florida.
- Invest in Florida real estate and businesses. Refrain from active involvement in businesses in your former state.
- Document the days you spend in every state, ensuring that you spend more time in Florida than any other state.
- Register all of your vehicles in Florida and return your old vehicle tags to the issuing state.
- Notify credit card companies and other creditors of your new address.
- Notify insurance companies of your new address and that your vehicles and valuable personal property are now located in Florida.
- Become active in Florida community or political organizations, religious institutions or clubs. Discontinue involvement in community or political organizations, religious institutions and clubs outside of Florida. Resign from private clubs in your former state or convert your memberships to non-resident memberships.
- Become a patient of a Florida doctor and dentist. Have your records transferred to them.

- Purchase a cemetery lot or crypt in Florida.
- If you have a professional or occupational license and intend to continue working, obtain a Florida license.
- Change the address on your passport.
- Provide your Florida address to hotels at registration.
- Hold family gatherings in Florida.
- Subscribe to Florida newspapers. Cancel subscriptions to newspapers in your former state.

