



Establishing a Florida Domicile: A Comparison of Florida and Maryland

Executive Summary

Florida has generous tax benefits, especially compared to the Mid-Atlantic states. Florida residents pay no state income tax and no state inheritance or estate tax. Taking advantage of Florida's benefits requires paying meticulous attention to changing domicile and the details, documentation and intent required to do so.

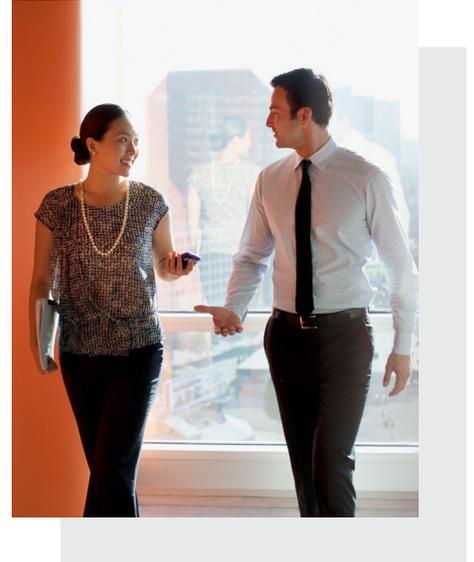
- A choice of domicile can be tax-motivated, but personal concerns, comfort and family matters may take practical precedence.
- Maintaining a Florida domicile and a second home in Maryland, for example, requires carefully documented adherence to the requirement of daily presence in Florida for more than 183 days and maintenance of primary affiliations in Florida. A person can only have one domicile, and it is paramount that you have a "closer connection" to your new home than anywhere else and that your intent be always to return to Florida after a period of absence.

Florida	Maryland
<ul style="list-style-type: none"> • No income tax. 	<ul style="list-style-type: none"> • Statewide income tax 2.0-5.75%. County income tax averages 2.99%. Individual retirement accounts (IRAs) are fully taxed; pensions may be partially excluded.
<ul style="list-style-type: none"> • State and local sales tax is 6.0-8.5%. 	<ul style="list-style-type: none"> • State sales tax is 6.0%.
<ul style="list-style-type: none"> • Generally, only Florida residents, persons related by blood, marriage or adoption and Florida corporate fiduciaries may serve as personal representatives or executors without bond. 	<ul style="list-style-type: none"> • Any individual and any Maryland corporate fiduciary may act as an executor. A nonresident executor must appoint an agent.
<ul style="list-style-type: none"> • No state death or inheritance tax. 	<ul style="list-style-type: none"> • Estate tax is imposed on transfers of greater than \$5 million at graduated rates (marginal rates range from 0.8-16%). No estate tax on property passing to a spouse. A 10.0% inheritance tax is due on all transfers to persons other than a spouse, ancestor, descendants and their spouses, stepchild, stepparents or corporations owned solely by these persons (this may reduce estate tax).
<ul style="list-style-type: none"> • Florida homestead property is subject to lower property taxes and special protection from creditors. 	<ul style="list-style-type: none"> • Local property taxes vary, and some may be high.



Steps to Establish Florida Domicile

1. File a Florida Declaration of Domicile in the Office of the Clerk of the Circuit Court in the county in which you reside.
2. Declare you are a legal resident of the State of Florida in your will, codicil or trust. Prepare a Florida healthcare directive.
3. Register to vote in Florida, and actually vote there.
4. Transfer all bank accounts, safe deposit boxes and securities to a Florida bank location (safe deposit boxes in Florida are not sealed by the state upon death of a lessee or co-lessee).
5. Register your automobile in Florida and obtain a Florida driver's license.
6. File your federal income tax return with your Florida address.
7. File nonresident income tax return (if applicable) in the former state.
8. State you are a resident of Florida in all business transactions and charitable activities, and when traveling out of state register as being from Florida and give a Florida address.
9. Change all credit card addresses to Florida.
10. Change social, religious and other national organization memberships to Florida affiliations or branches. Register as nonresident member with former organizations if possible, and keep a low profile in the non-Florida organization(s).
11. Do not claim a homestead or similar property tax exemption outside Florida.
12. Do not ask for any discount available only to residents of the former state (e.g., school tuition or state senior citizen discounts).
13. If you retain ownership in real estate in the former state, talk to your advisors about placing the property in a Florida revocable living trust and/or a partnership or other vehicle (this may also avoid probate). Declare this as a secondary residence or vacation home on insurance policies.
14. Maintain a log keeping meticulous travel records to support your presence in Florida for more than 183 days per year. If audited, you may be asked to produce records for cell phone bills, credit card statements and E-Z Pass records. An auditor will count days spent partially in the former state and partially in Florida as days in the former state.
15. Invite your family and friends to Florida for the holidays instead of returning to the former state; you are trying to establish a "closer connection" with Florida.
16. Do not claim the federal income tax exclusion for gain on sale of a home in the former state more than three years after moving to Florida. A married couple can exclude from taxable income \$500,000 of gain on the sale of a home they used as their principal residence for two of the last five years. If you moved to Florida on March 1, 2022, you must sell your former home by February 28, 2025, to claim the tax exclusion for the property.



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