

Good Reasons to Become a Florida Resident!

Florida might offer the best Tax advantages and homestead exemption in the country

By [Julie Garber](#) Updated September 18, 2018

Business Tax advantages Florida has..

- NO corporate income tax on limited partnerships
- NO corporate income tax on sub chapter S-corporations
- NO state personal income tax (guaranteed by constitutional provision)
- NO estate tax
- NO corporate franchise tax on capital stock
- NO state-level property tax assessed
- NO property tax on business inventories
- NO property tax on goods-in-transit for up to 180 days
- NO sales and use tax on goods manufactured or produced in Florida for export outside the state
- NO sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- NO sales/use tax on co-generation electricity
- NO sales tax on purchases of manufacturing equipment

Many states raise tax rates when they're struggling to collect revenues. The well-to-do and even the not so well-to-do begin looking for ways to minimize their income tax obligations. And some states with [income taxes](#) also collect state death taxes as well.

When these two taxes are coupled together, it can provide a huge incentive for individuals to look for a more desirable and less taxing place to call home...like Florida.

There are a few other benefits in living in the state as well. Florida's homestead exemption is said to be one of the best, if not *the* best, in the country.

Florida Doesn't Collect an Individual Income Tax

Florida is one of only [seven states](#) that don't collect an individual income tax. The other six are Alaska, Nevada, South Dakota, Texas, Washington, and Wyoming. Moving to Florida from a state like New York can save someone in a high-income tax bracket many thousands of dollars in taxes.

This prohibition against collecting an individual income tax is part of the Florida Constitution, so Florida won't be imposing a state individual income tax anytime soon. A constitutional amendment would be required to change this provision.

The state's constitution also prevents counties and municipalities from imposing any sort of income tax at local levels.

Florida Doesn't Collect a Death Tax

Florida used to collect a [state estate tax](#) in the form of a "[pick-up tax](#)," but changes in [federal law](#) phased it out in 2005. Many states took steps to keep the state death tax revenues flowing, a process known as "decoupling." But not Florida. The **state's constitution also prohibits the imposition of a state death tax.**

Moving to Florida from a state like Massachusetts or NY could save a family considerable money when a loved one dies.

Florida Offers Many Asset Protection Benefits

You shouldn't have to worry about losing your assets to a creditor or in a lawsuit if you live in Florida. The state offers many asset protection benefits, including:

- [Homestead creditor protection](#)
- [Tenancies by the entirety](#) for real property as well as personal property
- Protection of the cash value of life insurance
- Protection for IRAs and annuities, and
- [Protection of assets](#) held in a properly structured [business entity](#)

A creditor cannot claim your home to satisfy a debt unless it's the mortgage lender. There's no constitutional rule against foreclosure. And because the state recognizes tenancies by the entirety, this includes your spouse's creditors as well as long as you're not also contractually liable for the loans. A tenancy by the entirety is a form of property ownership reserved for spouses.

Florida Offers Property Tax Benefits for Primary Residences

You'll also receive two property tax breaks if you buy a home in Florida and declare that it's your primary "homestead" residence.

First, you'll receive an exemption for the first \$50,000 of your home's value for property tax purposes, except for school district taxes which only receive a \$25,000 exemption.

There's also the Florida "[Save Our Homes](#)" cap on annual assessments. The cap is set at 3 percent or the change in the consumer price index (CPI), whichever is less. This means that the assessed value of your homestead for property tax purposes can't increase on annual basis by more than the change in the CPI or 3 percent if the change in the CPI is more than 3 percent.

For example, the change in the CPI is 2.9 percent in 2018, so the 2018 assessed value of a homestead residence can't increase by more than this. It's less than the 3 percent cap. The change in the CPI was 4.1 percent in 2008, but the increase was limited to 3 percent because this was less. This can be a big deal if you plan to stay in your homestead for many years. A property's value typically increases over time so you'll eventually reach a point where it's worth more—perhaps *much* more—than its assessed value. You're building equity each year that will effectively be sheltered from property taxes.

Florida Is Home to Top Wealth Strategists

Florida is such an attractive state for the wealthy to call home that it's also home to many top wealth strategists, tax advisors, and [estate planning attorneys](#).

These advisors are creative and proactive in assisting their clients with growing wealth, [minimizing taxes](#), [avoiding probate](#), keeping [clients' final wishes private](#), and creating an ongoing legacy.

Tax-Savings Scenarios			
>\$1 Million Income/Personal State & City Income Tax			
FLORIDA	NEW YORK	CONNECTICUT	
\$0	\$105,395	\$63,100	
Estate Tax on \$25 Million			
FLORIDA	NEW YORK	CONNECTICUT	
\$0	\$3,466,800	\$2,536,200	
Gain from Business/Property Sale of \$100 Million			
FLORIDA	NEW YORK	CONNECTICUT	
\$0	\$8,814,720	\$4,750,000	
Tax Rate Comparison			
	FLORIDA	NEW YORK	CONNECTICUT
Top marginal individual tax rate	0%	8.82%	6.99%
Top marginal estate tax rate	0%	16.00%	12.00%
Top marginal capital gains tax rate	0%	8.82%	6.99%
Corporate tax rate	5.50%	6.50%	7.50%
Local individual income tax rate	0%	3.88%	0%
Sales tax rate	7.00%	7.38%	6.35%
Data Source: BDO 2017 State Tax Comparison Guide			

Should You Become a Florida Resident?

Becoming a Florida resident is not difficult or complicated. It's just a matter of taking some [basic steps](#). The most difficult part will be cutting ties to your former state of residence to convince that state's revenue department that you're no longer living there and therefore can't be taxed there.

This is particularly important for someone who continues to maintain a home or a business in another state while residing in Florida.

From <https://www.thebalance.com/top-reasons-to-become-a-florida-resident-3505072?utm_source=emailshare&utm_medium=social&utm_campaign=mobilesharebutton2>

Florida Homestead Protection:

The state of Florida offers 100% protection against the forced sale of a home. Homestead protection is guaranteed under Article X, Section IV of the Florida Constitution and it covers 100% of the real property value of up to 160 contiguous acres in any county in Florida or up to ½ acre in a municipality.

Florida's generous homestead laws also protect property owners from claims by creditors. These laws protect qualifying Florida homeowners from having their homes forcibly sold to pay creditors. ... Unlimited Value – Florida's homestead laws protect an unlimited amount of value in a home.

From <<https://www.gibbslawfl.com/florida-asset-protection-ultimate-guide/>>