

# MARCH 2022 NEWSLETTER

POZZUOLO RODDEN POZZUOLO, P.C.  
COUNSELORS AT LAW  
THE BYE-BENSON HOUSE  
2033 WALNUT STREET, PHILADELPHIA, PA 19103  
215-977-8200  
[www.pozzuolo.com](http://www.pozzuolo.com)



## THE POTENTIAL BENEFITS OF CHANGING YOUR DOMICILE FROM PENNSYLVANIA OR NEW JERSEY TO FLORIDA

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### 1. AWARDS:

Pozzuolo Rodden Pozzuolo are pleased to announce that they have been nominated for the eighth annual Legal Elite Awards by New World Report. Recognizing that the legal industry remains one of the most fiercely competitive sectors in the world, the stated purpose of the award is to again recognize the dedication, tenacity and commitment of the region's finest legal firms and pioneering individuals.

### 2. BLOGS:

The following are a few of the business, tax, employment, estate planning and business litigation blogs posted on our main website [www.pozzuolo.com](http://www.pozzuolo.com):

- a. Choosing A Retirement Plan;
- b. Living Wills and Power of Attorney; and,
- c. The Use Of A Will In An Estate Plan.

Please visit our website [www.pozzuolo.com](http://www.pozzuolo.com) for more information on these and other relevant business, tax, estate, business litigation and employment topics.

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## THE POTENTIAL BENEFITS OF CHANGING YOUR DOMICILE FROM PENNSYLVANIA OR NEW JERSEY TO FLORIDA

If you are a resident of Pennsylvania or New Jersey and you spend or plan to spend a significant portion of each year in Florida, you might want to consider the option of making Florida your legal domicile. In doing so, you obtain the following financial benefits and savings as they relate to your income, property and death taxes.

The first major benefit is that Florida is one of seven states that does not have a state income tax. Florida's Constitution prohibits both state and local municipality income tax. Since it would require a constitutional amendment to change this prohibition, it is highly unlikely that income taxes would be imposed at a later date after you have established residency in Florida. This lack of income tax would be a significant savings if currently you are domiciled in Pennsylvania or New Jersey, both of which have a state income tax and often local municipality income tax. The only caveat is that even as a resident of Florida, you would still have to pay Pennsylvania or New Jersey income tax on income earned in Pennsylvania or New Jersey. Pennsylvania and New Jersey also impose income tax on rental income from properties located in the respective state as well as on wages from employers in those states (unless the non-resident's work must be performed from his or her out-of-state location for reasons other than convenience).

A second benefit of changing your domicile/primary residence to Florida is that you would receive property tax benefits relating to your primary residence in Florida. Specifically, Florida has the Save Our Homes Act which provides property tax benefits to Florida residents on their primary residence. For qualifying properties, the assessed value of the real property for tax purposes has an exception for the first \$50,000.00 of taxable value for all taxing entities, except for the school district with has a \$25,000.00 exemption permitted. The Save Our Homes Act also provides that the assessed value for tax purposes cannot be raised by more than three percent (3%) per year. These property tax benefits alone provide a huge incentive to change your domicile to Florida - especially if you currently reside in New Jersey! Additionally, Florida has a Homestead Law in its state constitution which protects property owners from losing their homes to creditors or other lien holders, unless you granted the creditor a mortgage on your property.

A final benefit in changing your domicile to Florida is the implications of state estate and/or inheritance taxes. Most Americans do not have to pay Federal Estate or Gift Taxes but do have to consider and pay state estate and/or inheritance taxes. If you think that your estate will have to pay significant state estate or inheritance taxes after your death, you might

want to consider changing your domicile to a state, such as Florida, which has no state death taxes - especially if you already have a home in Florida. Inheritance tax rates can be as high as 15 or 16% for “certain” beneficiaries or heirs in Pennsylvania and New Jersey.

In next month’s newsletter, we will discuss how to change/establish your domicile in Florida so that you are able to enjoy the above-discussed benefits.

Kindly contact our office to speak with one of our Estate Planning attorneys to discuss the specific facts of your situation and to determine whether a change in domicile would be beneficial for you.

This newsletter is courtesy of Pozzuolo Rodden Pozzuolo, P.C.

To subscribe, unsubscribe, or for any questions, please contact us at [INFO@POZZUOLO.COM](mailto:INFO@POZZUOLO.COM).