

Tax Issues May Cloud Trump's Move to Sunshine State

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By Andrea Muse

President Trump's plan to abandon his hometown for a southern locale with lower taxes and a more adoring public will not be as easy as filing a change-of-address form with the post office.

His lifelong business and personal wealth connections to the state and city of New York are sure to entangle him with auditors for years to come, according to experts contacted by *Tax Notes*.

Trump announced in a [series of tweets](#) October 31 that he will make Palm Beach, Florida, his permanent residence, adding that he pays "millions of dollars in city, state and local taxes each year" but is treated badly by the political leaders in New York.

In a [September 27 declaration of domicile](#), Trump stated that he formerly resided in New York City but that he intends to maintain the Mar-a-Lago Club in Palm Beach as his permanent home. Trump lists the White House and an address in Bedminster, New Jersey, as other places of abode.

Pete Sepp, president of the National Taxpayers Union, told *Tax Notes* November 1 that "virtually anyone of any means moving from New York to Florida is likely to find some kind of reduction in their state and local tax burden," given that New York has a high income tax and heavy property taxes while Florida has no personal income tax and relatively lower property and sales taxes in most cases.

But Sepp continued that in the administrative realm, "auditors from New York and California especially are aggressive in ensuring that former residents are living up to all of the requirements to be residents of another state."

Even if Trump had no connection to the political world, Sepp added, "the amount of money involved with his establishing residency in Florida would virtually guarantee a major examination on the part of New York's tax authorities."

Timothy Noonan of Hodgson Russ LLP told *Tax Notes* that there are several important things a taxpayer claiming a change of residency from New York to Florida must keep in mind beyond the formalities of filing a declaration of domicile. The New York Department of Taxation and Finance "has its own difficult tests to determine whether someone's move is really sufficient under the law to effect a change of domicile," which usually requires a taxpayer to prove by clear and convincing evidence that they left New York and "landed" in Florida, according to Noonan.

Noonan said the domicile test is based in large part on a taxpayer's intent, making the filing of the declaration of domicile important. But he added that New York's auditors "also focus

heavily on a taxpayer's actions, and whether such actions are sufficient to establish a 'landing' in Florida at the time period claimed by the taxpayer."

But Noonan cautioned that although taxpayers can avoid New York City's personal income tax by leaving the city, "taxpayers do have to concern themselves with potential New York State taxes on income that is earned in New York" and may continue to have a filing requirement in New York after they move.

Noonan said that taxpayers may also be liable for the New York City unincorporated business tax, which "is imposed on unincorporated entities (like partnerships or limited liability companies) that do business in the city and is not at all connected to the residency status of the owner."

Stating that he doesn't view statutory residency as a problem for taxpayers trying to establish a change in domicile from New York because of the importance of limiting their time in New York, Noonan added that in most cases it's critical for the taxpayer to spend more time during the year in the new state of domicile than in New York. Under New York law, taxpayers are statutory residents if they have a permanent place of abode and spend more than 183 days per year in the state.

In an [October 31 release](#), New York Gov. Andrew Cuomo (D) said, "It's not like Mr. Trump paid taxes here anyway."

"He's all yours, Florida," Cuomo added.

In 2016 someone sent three pages of Trump's 1995 individual state tax returns to *The New York Times*, which showed a reported \$916 million loss for his federal adjusted gross income that he could carry forward for years.

The documents included the first page of Trump's New York resident state income tax return and the first page of his nonresident returns for Connecticut and New Jersey.

"Note that he did pay New Jersey tax," former New York tax commissioner James W. Wetzler [said at the time](#). Wetzler also said that copies of Trump's Connecticut and New Jersey tax returns would be included with the New York return if Trump had claimed a resident credit for taxes paid to those states.