

Making The Move

How to Appropriately Change Your Washington Domicile



Washington has the highest estate tax rates in the country, with a top rate of 35 percent for taxable estates valued above \$9 million. Under current law, this adds 21 percent to the total tax burden (meaning a taxable estate of \$50 million pays an extra tax of \$11 million). For this reason, many ultra-high-net-worth people consider moving out of Washington to a state with no estate tax. Regulations vary from state to state, but for Washington estate tax purposes, a “resident” means a person who was domiciled in Washington at the time of death. Generally, a person’s “domicile” is the location of a person’s permanent home that the person intends to use for an indefinite or unlimited period, and to which, when absent, a person intends to return. A person can have only one domicile.

If you are considering moving out of Washington, be sure to plan carefully and consider the laws of your new state for residency requirements. While Washington has an onerous estate tax, another state’s estate and/or income tax laws may also cause concern depending on your personal financial situation. For example, another state’s income tax liability might be based on residency, rather than domicile. In some unfortunate circumstances, an individual who fails to effectively change his or her Washington domicile might be classified as a resident of another state for income tax purposes but remain domiciled in Washington for estate tax purposes, resulting in double taxation.

The following checklist covers suggested steps to cut ties with your Washington domicile. The more items completed, the more likely it is that you will have conclusively changed your domicile.

- Purchase or lease a residence in your new state, where you intend to live permanently and, if possible, sell your Washington home and any other real estate.
- Update your address on relevant documents: homeowner’s insurance, your credit cards and bank accounts, applicable state and federal tax returns, health insurance, newspaper or magazine subscriptions, religious or membership affiliations, social clubs, mailing lists, etc. Arrange with the postal service to have mail forwarded to your new address.
- Move yourself, your spouse or partner, minor children, your pets, and your possessions to the new residence in your new state. Gift or dispose of property remaining in Washington, including tangible personal property and real property.¹ Spend time in your new home and consider inviting family or friends to visit.
- Change your driver’s license to your new state and cancel your Washington license. Cancellation of your license is often done when you obtain your new license. Cancel other permits and licenses, or update them to your new state, including hunting and fishing licenses.
- Register to vote in your new state, which can often also be done when obtaining your new driver’s license. Cancel your voter registration in Washington.

- ❑ Change your passport to your new address in your new state.
- ❑ Register your cars, boats and other vehicles, if applicable, in your new state and notify your insurance company of your change in address.
- ❑ If you are or plan on working, find employment in your new state and work from the office.
- ❑ Enroll any children in school in your new state as soon as possible and sign them up for local activities.
- ❑ Revise your estate planning documents with your attorney to reflect your change in residency, using your new state's forms and requirements. These may include your will, trusts, durable powers of attorney, and advance care directives.
- ❑ Move any bank accounts to your new state. If you use a local bank, close your old account and open one in your new state. If you use a national bank, update your address on file.
- ❑ Find health care providers, dentists, and opticians in your new state and, where applicable, send them your medical records.
- ❑ If you own a business in Washington, consider closing the business and reopening it in your new state. Alternatively, you may be able to move the principal place of business to your new state and update your business registration or reincorporate outside Washington.
- ❑ Join local organizations such as a gym, service or social clubs, a religious group or place of worship, and library. If you make charitable donations, adjust the receiving charities to ones in or affiliated with your new state. Consider joining charitable boards in your new state. Focus your activity on your new state—economic, social, and financial.
- ❑ Keep a calendar of your location and travel to record time spent in your new state. As a rule of thumb, staying out of Washington for at least 183 days, or about 6 months, is a good practice to demonstrate you have affirmatively changed your residency.
- ❑ Complete an affidavit of residence, if your state offers one, affirming you live in your new state. Keep a copy of it with your personal papers.

¹Tangible personal property and real property located in Washington owned by a nonresident remains subject to Washington estate taxes. Consider forming a limited liability company to hold such assets.

While the list above is not exhaustive, completing many or all of the above steps, likely would be sufficient to change your Washington domicile. Consult with your tax and estate planning professional for specific state requirements or with questions.

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