



Consider State Taxes Before You Move

Relocating to a different state means state tax changes. Simply because a state has low (or no) income tax doesn't necessarily mean it's a low tax state. A state needs funds to survive, and while they may not charge income tax, there are other ways to collect taxes.

SALES TAX

Sales tax can vary by type of product or service purchased. And the rate can vary depending on where you make the purchase.

Currently, there are five states without a state sales tax. In the other 45, a state-wide sales tax is collected on taxable goods and services. For example, Florida has a 6% state-wide tax rate, and Colorado's is 2.9%.

On top of the state sales tax, local counties, cities, or municipalities may collect their own sales tax. If you're in Miami, you'll pay an additional 1% sales tax to Miami-Dade County, and in Denver, you'll pay an extra 4.81% on most retail purchases.

Along with different rates, most states tax items differently. While some essential goods like groceries may be exempt from sales tax, other things like alcohol and sugary beverages may incur excise taxes in addition to the state and local sales taxes.

REAL ESTATE TAX

One of the primary revenue sources for local governments is the real estate tax, which is based on the property's value. And if you've bought real estate recently, you may notice a hike in property tax. That's because of the higher prices of housing. Your locality will likely adjust appraisal values and taxes according to the higher value.

OTHER TAXES

Although sales and real estate taxes will be the two most significant taxes to consider, there are a few others to consider. Motor vehicle taxes, those fees you pay to register your car, boat, or RV each year, vary from state to state. If you are working in your new locale, be aware that some cities have occupational privilege taxes you'll pay, in addition to any state income tax. And some states have an estate or inheritance tax -- Maryland has both.



(516) 294-0400



(516) 938-0491



415 CROSSWAYS PARK DR.
SUITE C
WOODBURY, NY 11797

KVLSMCPA.COM



© 2020 KVLSM LLP - CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS - NEW YORK

This e-mail and any attachments are intended exclusively for the individual or entity to which it is addressed. It may be confidential or legally privileged. If you received this message in error or are not the intended recipient, you should destroy the e-mail message and any attachments or copies, and you are prohibited from retaining, distributing, disclosing or using any information contained herein. Please inform us of the erroneous delivery by return e-mail. Thank you for your cooperation.