MN State Residency

FINANCIAL PLANNING

ALLODIUM
INVESTMENT CONSULTANTS

As part of retirement or estate planning, many Minnesotans consider moving to another state—often one with lower or no income or estate taxes. Before making the change, it's important to understand how Minnesota determines whether you're still a resident for tax purposes. Minnesota taxes residents on all income, from any source, and may apply estate tax to all property, even property outside the state.

Steps to Establish a New Domicile

To change your residency, you must show clear intent to make your new state your permanent home and center of your life.

- Buy or lease a primary home in the new state and live there most of the year. Spend more than 183 days per year in the new state.
- Move your belongings, vehicles, and personal items, especially heirlooms, to the new state. Use your new address for all mail, bills and official documents.
- Learn the laws of your new state and tailor your strategy to align with both the new and old regulations.
- If Minnesota determines you never truly changed to a new domicile, you could face back taxes, penalties, and interest.

Update Your Legal and Financial Ties

- Get a driver's license and register to vote in your new state.
- Register all your vehicles in the new state and update your passport address if applicable.
- File state income tax returns as a nonresident of Minnesota and as a resident of the new state, if applicable.
- Update wills, trusts and estate documents to reflect your new home state.

Weaken Ties to Minnesota

- Limit the number of days you spend in Minnesota to less than 183 days or six months. Some exceptions may apply with states that have reciprocity like North Dakota and Michigan.
- If you claim residency in another state, but maintain a home in Minnesota, you should keep adequate records to show you spend more than 183 days out of state.
- Revoke your Minnesota homestead property tax classification.
- Close or move Minnesota bank accounts and memberships to country clubs, gyms, churches, and other organizations to the new state.

WHEN ARE YOU A MINNESOTA RESIDENT?

You are considered a resident of Minnesota if you meet either of these two tests:

Domicile Test

Minnesota is your true, fixed, and permanent home, the place you plan to return to whenever you're away.

Statutory Residency Test

You maintain a home or abode in Minnesota and spend more than half the year or 183 days in the state.

Dual Residency

Dual residency claims can lead to double taxation issues. This may happen if you move during the second part of the year, which results in spending less than 183 days in the new state. Exceptions may apply for North Dakota and Michigan.

KEEP ACCURATE RECORDS

Maintain copies of licenses, receipts, all address changes, calendars, registrations, canceled checks, credit card statements, plane tickets, travel logs and other documents.

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