



## CONNECTICUT EMPHASIZES "TIME SPENT" IN DETERMINING DOMICILE FOR ESTATE TAX PURPOSES

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Under Connecticut law, a decedent's estate is subject to Connecticut estate tax if the decedent was domiciled in Connecticut at the time of his or her death. "Domicile" is often defined as (i) actual residence within a particular state, combined with (ii) the intention of making that state one's permanent home. Because domicile is a question of intent, courts often look to a person's overall manner of living to determine domicile and in particular, if a claimed change in domicile will be respected. In Connecticut, the legal standard for determining whether a change in domicile has occurred is "clear and convincing" evidence, and 28 nonexclusive factors identified in the Connecticut regulations are applied to make this determination. The burden of meeting this standard is on the fiduciary claiming there has been a change in domicile from Connecticut to another state prior to the decedent's death.

Because the definition of "domicile" can vary among states, two or more states can each make an independent determination of domicile and assess its own estate and inheritance taxes on that basis. This poses a danger of double estate taxation. In one infamous case, New Jersey and Pennsylvania both claimed an heir to the Campbell Soup fortune as a domiciliary and *each* state collected \$17 million in state inheritance taxes from the estate.

In a recent Connecticut estate tax case - *Daniels v. Commissioner* - decided on October 15, 2024, the Connecticut Superior Court was asked to determine whether a taxpayer who had a "regular practice" of spending approximately 5.5 months in Connecticut, 3.5 months in Florida and 3 months in Arizona each year from 2006-2015 was domiciled in Connecticut at the time of his death and therefore liable for approximately \$13 million in Connecticut estate taxes. The facts indicated that the decedent owned homes of significant value in both Florida and Connecticut, and maintained social connections, country club memberships and cars in both states.

In arguing that the decedent changed his domicile to Florida prior to his death and was therefore not a Connecticut domiciliary for Connecticut estate tax purposes, the executor pointed out that the decedent held a Florida driver's license, was registered to vote in Florida, maintained local banking accounts in Florida and declared himself to be a Florida domiciliary. The Court, however, found that the decedent's personal, social and property connections did not favor either Connecticut or Florida because the decedent maintained equal connections with each state. The Court then compared the "one time, administrative tasks accomplished with little more than an afternoon's efforts or a day's effort" to the decedent's "consistent, long-term decision to spend more time in Connecticut than any other state" to conclude that the most persuasive evidence demonstrating the decedent's domicile was where he chose to spend his most valuable and limited resource: his time. As a result, the Court found that the executor failed to meet his burden of establishing that the decedent changed his domicile to Florida prior to his death, and upheld the \$13 million Connecticut estate tax assessment against the decedent's estate.

It is imperative that a taxpayer wishing to change their domicile to another state, but retain a home in their original state, take steps consistent with this change of domicile that manifest an intention to abandon the original domicile. In addition to changing a driver's license and voter registration to reflect the new state of domicile, other steps a taxpayer should take to evidence an intention to change domicile include executing a new estate plan,

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filing federal tax returns showing the desired domicile as the residence address, conducting the taxpayer's business or profession in the desired state of domicile, being physically present within the desired state of domicile for as much of the year as practicable and above all, *pursuing a consistent course of conduct indicating an intention to abandon the former domicile and establish a home in the new state.*

If you are considering a move to another state or have any questions regarding this alert, please contact your Cummings & Lockwood private clients attorney.