

On the move: asset management firms head to Florida

An accelerated trend and its key tax considerations

Predating the outbreak of COVID-19, many companies considered moving their business operations out of high-tax jurisdictions to the Sunshine State, with many ultimately making the move in recent months. Where “working from home” is the new “norm,” businesses are re-evaluating more than ever where to maintain offices.

While the asset management industry operates throughout the United States, South Florida is quickly becoming an important center for financial services.

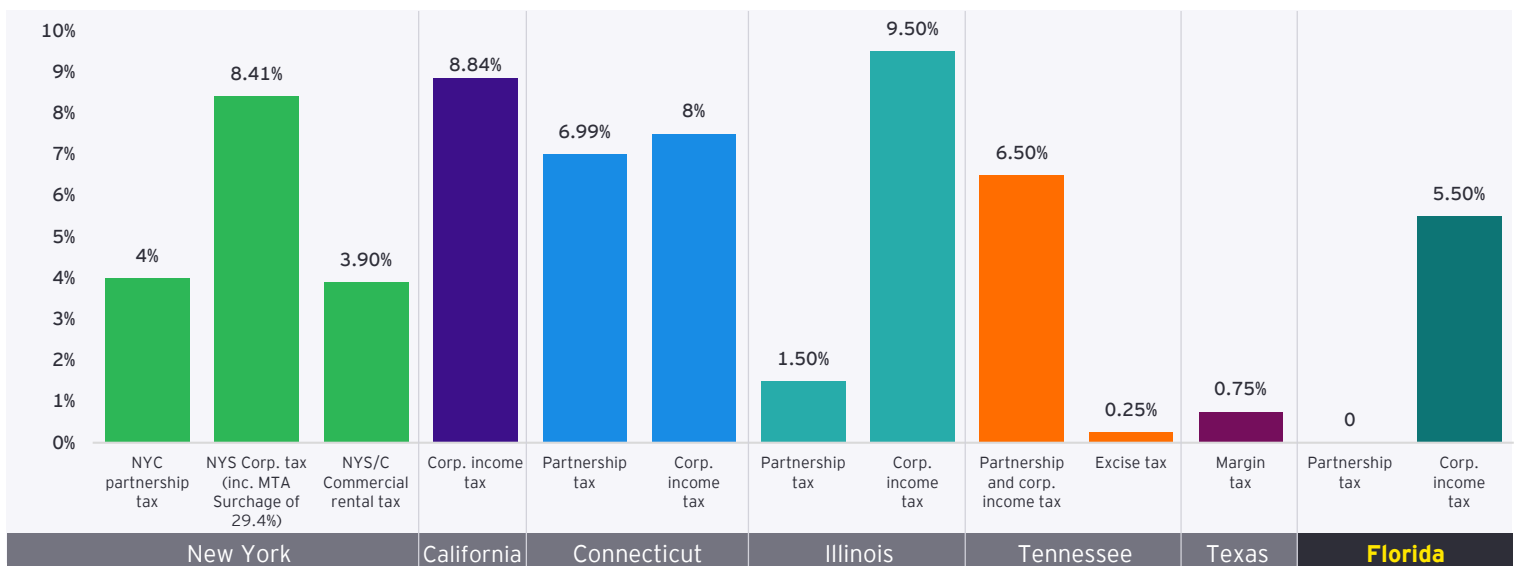
The appeal of low tax rates on businesses

Most states impose an income tax on corporate entities, so operating in a state with a lower corporate income tax rate can be favorable if a business is structured as a corporation.

Asset managers are typically structured as pass-through entities, which are generally not subject to a corporate income tax. However, states where asset managers are formed as partnerships tend to be jurisdictions that impose a high personal income tax. In addition, there are several states and municipalities that also impose taxes on a pass-through entity's income or receipts.

Below you will find an illustration of corporate and flow-through taxes for businesses in key jurisdictions.

Comparison of tax rates by state

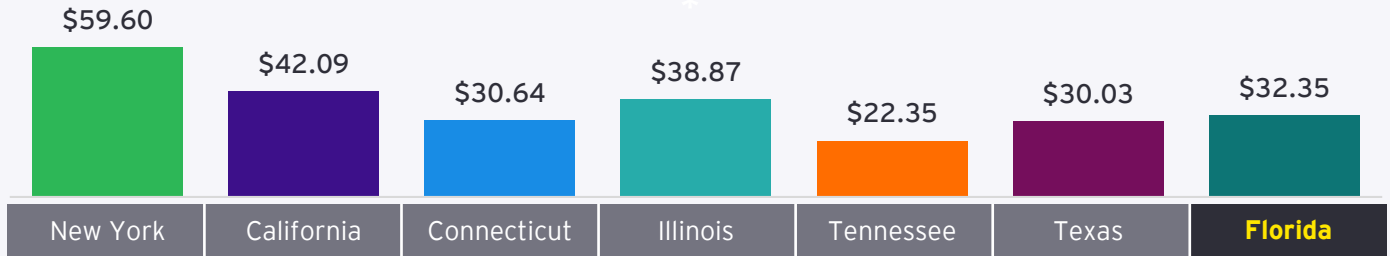


This chart is for illustrative purposes only. Note that the taxes above are levied on different bases. Please consult your tax advisor to confirm whether other taxes may apply to you.

Is relocation right for your business? A few key factors to consider:

- ▶ Technology advancements
- ▶ Real estate costs
- ▶ Diversity of talent
- ▶ Cost of operations
- ▶ Quality of life
- ▶ Tax benefits

Average cost of office space, per square foot*



*Based on Moody's Analytics, time period Q1-Q3 2020.

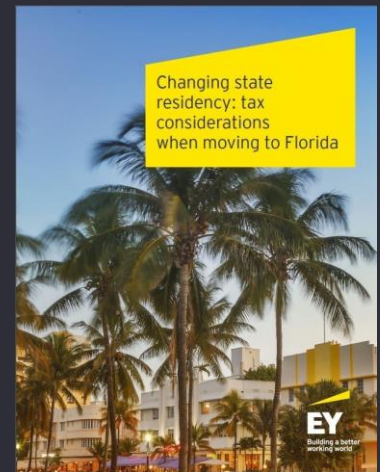
We can help your business, and your family, too.

Not only for your business, but there are also advantages to consider for your personal financial situation.

Some of the tax advantages the state of Florida offers are:

- ▶ No state or local income tax
- ▶ No state estate tax
- ▶ Low property tax

For further insights on how **individuals may save up to 13%** by relocating to the South, click here for our recent report, [Changing state residency: tax considerations when moving to Florida](#).



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