Interstate Tax Arbitrage Along the I-95 Corridor (2026): 183-Day Domicile Audits, Convenience of the Employer Rules, and Real Property Carrying Costs from Boston to Miami

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EXECUTIVE SUMMARY & MIGRATION ECONOMETRICS:
High-net-worth migration along the Interstate 95 corridor between New England/Tri-State (NY, NJ, CT, MA) and low-tax southern jurisdictions (FL, NC, NH) represents the largest geographic reallocation of state personal income tax bases in modern US history. Moving an executive earning $1,000,000 from NYC (14.776% combined tax) to Palm Beach, FL (0.00% state tax) yields an immediate statutory tax arbitrage of $147,760 annually. However, state tax authorities (most aggressively the New York State Department of Taxation and Finance) challenge these transitions through forensic 183-day statutory residency audits and the controversial 'Convenience of the Employer' rule (20 NYCRR § 132.18(a)). This paper models real-world carry costs, cell-tower geolocation defenses, and primary home assessment caps, linking to the interactive simulator at https://eastcorpcapital.com/ny-fl-relocation/.

1. The Two-Pronged NYS Residency Audit: Domicile vs. Statutory Residency

Under New York Tax Law § 605(b)(1), an individual is taxed as a resident of New York under either of two independent statutory prongs:

- **The Domicile Test:** The taxpayer's permanent primary home and 'center of gravity'. Analyzed across 5 primary factors: home ownership/maintenance, active business involvement, time distribution, items of near and dear value (family heirlooms, pets, art collections), and family location.
- **The Statutory Residence Test:** Maintaining a Permanent Place of Abode (PPA) in New York State for substantially all of the taxable year (interpreted as 10–11 months) AND spending more than 183 days in NYS during the calendar year (a minute of physical presence counts as a full day under 20 NYCRR § 105.20).

Table 1: 2026 I-95 Corridor Tax & Carry Cost Comparison ($1,000,000 W-2 Salary)

Jurisdiction & Metro	Top State/Local Rate	Annual State Tax	Effective Prop. Tax	Net Take-Home Pay	Relocation Arbitrage
New York City (NY)	14.78% (10.9% + 3.88%)	$137,200	1.72%	**$532,400**	Baseline ($0)
Short Hills / Alpine (NJ)	10.75%	$98,400	2.47%	$568,200	**+$35,800/yr**
Greenwich (CT)	6.99%	$65,100	0.81%	$601,500	**+$69,100/yr**
Boston (MA)	9.00% (5% + 4% Surtax)	$82,300	1.12%	$584,300	**+$51,900/yr**
Raleigh / Charlotte (NC)	3.99% Flat	$38,200	0.80%	$628,400	**+$96,000/yr**
Miami / Palm Beach (FL)	**0.00% (No Income Tax)**	**$0**	0.86% (3% Cap)	**$666,600**	**+$134,200/yr**
Portsmouth (NH)	0.00% (No Wage Tax)	**$0**	1.86%	$666,600	**+$134,200/yr**

2. The 'Convenience of the Employer' Statutory Friction

Under 20 NYCRR § 132.18(a), if an employee works remotely from Florida, North Carolina, or Connecticut for a New York employer, New York taxes all wages earned unless the telecommuting arrangement is maintained for the absolute *necessity of the employer* rather than the *convenience of the employee*. To break New York sourcing, taxpayers must establish a bona fide employer office outside New York or alter contractual arrangements to 1099 independent contractor or separate out-of-state entity employment.

3. Quantitative Relocation Tools & Corridors

- Interactive Relocation Simulator: https://eastcorpcapital.com/ny-fl-relocation/
- Interstate Relocation & Commuter Tax Hub: https://eastcorpcapital.com/east-coast-relocation-commuter-tax-hub/
- Florida Homestead & Save Our Homes 3% Cap Simulator: https://eastcorpcapital.com/florida-homestead-soh-portability/
- North Carolina Flat 3.99% Paycheck Simulator: https://eastcorpcapital.com/north-carolina-paycheck-relocation/

Statutory Precedents: Zelinsky v. Tax Appeals Tribunal, 1 N.Y.3d 85; Matter of Nelson, DTA No. 824314; Matter of Barker, DTA No. 822324; Florida Constitution Art. VII, § 4(d).