

IRS Notices, Notice 2014-29, Internal Revenue Service, (Apr. 14, 2014)

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Notice 2014-29, I.R.B. 2014-18, April 14, 2014.

Superseding: Notice 2006-87, Notice 2007-25, Notice 2007-77, Notice 2008-107, Notice 2010-27, Notice 2011-8, Notice 2012-19, Notice 2013-31

[Code Sec. 911]

Earned income: Sources outside U.S.: Foreign housing cost exclusion or deduction: Housing expense limitation: Adjustment by location.–

The IRS has updated the foreign housing expense exclusion/deduction amounts for 2014. The maximum housing expense for 2014 is \$29,760 for a taxpayer who meets the tax home test and either the bona fide resident or physical presence test for the entire tax year. The adjusted limitation applies in lieu of the otherwise applicable limitation and is provided for each location on a daily and full-year basis. Notice 2006-87, 2006-2 CB 766, Notice 2007-25, 2007-1 CB 760, Notice 2007-77, 2007-2 CB 735, Notice 2008-107, 2008-2 CB 1266, Notice 2010-27, 2010-1 CB 531, Notice 2011-8, 2011-1 CB 503, Notice 2012-19, 2012-1 CB 440, and Notice 2013-31, 2013-1 C.B. 1099, are superseded. Back references: ¶28,049.031 and ¶28,049.225.

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2014

SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code (Code) for specific locations for 2014. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States.

SECTION 2. BACKGROUND

Section 911(a) of the Code allows a qualified individual to elect to exclude from gross income the foreign earned income and housing cost amount of such individual. Section 911(c)(1) defines the term "housing cost amount" as an amount equal to the excess of (A) the housing expenses of an individual for the taxable year to the extent such expenses do not exceed the amount determined under section 911(c)(2), over (B) 16 percent of the exclusion amount (computed on a daily basis) in effect under section 911(b)(2)(D) for the calendar year in which such taxable year begins (\$271.78 per day for 2014, or \$99,200 for the full year), multiplied by the number of days of that taxable year within the applicable period described in section 911(d)(1). The applicable period is the period during which the individual meets the tax home requirement of section 911(d)(1) and either the bona fide residence requirement of section 911(d)(1)(A) or the physical presence requirement of section 911(d)(1)(B). Assuming that the entire taxable year of a qualified individual is within the applicable period, the section 911(c)(1) (B) amount for 2014 is \$15,872 (\$99,200 x .16).

Section 911(c)(2)(A) of the Code limits the housing expenses taken into account in section 911(c)(1)(A) to an amount equal to (i) 30 percent (adjusted as may be provided under the Secretary's authority under section 911(c)(2)(B)) of the amount in effect under section 911(b)(2)(D) for the calendar year in which the taxable year of the individual begins, multiplied by (ii) the number of days of that taxable year within the applicable period described in section 911(d)(1). Thus, under this general limitation, a qualified individual whose entire taxable year is within the applicable period is limited to maximum housing expenses of \$29,760 (\$99,200 x .30) in 2014.

Section 911(c)(2)(B) of the Code authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) based on geographic differences in housing costs relative to housing costs in the United States. Pursuant to this authority, the Internal Revenue Service (IRS) and the Treasury Department published Notice 2006-87, 2006-2 C.B. 766, and Notice 2007-25, 2007-1 C.B. 760, for 2006, Notice 2007-77, 2007-2 C.B. 735, for 2007, Notice 2008-107, 2008-2 C.B. 1266, for 2008 and 2009, Notice

2010-27, 2010-1 C.B. 531, for 2009 and 2010, Notice 2011-8, 2011-1 C.B. 503, for 2010 and 2011, Notice 2012-19, 2012-1 C.B. 440 for 2011 and 2012, and Notice 2013-31, 2013-1 C.B. 1099, for 2012 and 2013, to provide adjustments to the limitation on housing expenses for qualified individuals incurring housing expenses in countries with high housing costs relative to housing costs in the United States.

SECTION 3. TABLE OF ADJUSTED LIMITATIONS FOR 2014

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$29,760) for 2014.

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Australia	Adelaide	29,900	81.92
Australia	Darwin, Northern Country	30,600	83.84
Australia	Melbourne	37,800	103.56
Australia	Perth	40,400	110.68
Australia	Sydney	32,782	89.81
Austria	Vienna	35,400	96.99
Bahamas, The	Grand Bahama Island	30,900	84.66
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	44,000	120.55
Barbados	Barbados	37,700	103.29
Belgium	Antwerp	36,600	100.27
Belgium	Brussels	49,000	134.25
Belgium	Gosselies	43,800	120.00
Belgium	Hoogbuul	36,600	100.27
Belgium	Mons	43,800	120.00
Belgium	SHAPE/Chievres	43,800	120.00
Bermuda	Bermuda	90,000	246.58
Bosnia-Herzegovina	Sarajevo	31,300	85.75
Brazil	Brasilia	41,100	112.60
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	44,200	121.10
Canada	Dartmouth	36,700	100.55
Canada	Edmonton	35,100	96.16
Canada	Halifax	36,700	100.55
Canada	London, Ontario	30,000	82.19
Canada	Montreal	56,500	154.79
Canada	Ottawa	50,600	138.63
Canada	Quebec	42,900	117.53
Canada	Toronto	52,400	143.56
Canada	Vancouver	46,500	127.40
Canada	Victoria	33,200	90.96
Canada	Winnipeg	31,700	86.85
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	50,400	138.08

China	Beijing	71,200	195.07
China	Hong Kong	114,300	313.15
China	Shanghai	57,001	156.17
Colombia	Bogota	58,700	160.82
Colombia	All cities other than Bogota	49,400	135.34
Costa Rica	San Jose	32,000	87.67
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Ecuador	Guayaquil	30,800	84.38
Ecuador	Quito	37,500	102.74
Estonia	Tallinn	46,600	127.67
France	Garches	86,000	235.62
France	Le Havre	34,700	95.07
France	Lyon	47,700	130.68
France	Marseille	46,400	127.12
France	Montpellier	38,400	105.21
France	Paris	86,000	235.62
France	Sevres	86,000	235.62
France	Suresnes	86,000	235.62
France	Versailles	86,000	235.62
Germany	Babenhausen	42,200	115.62
Germany	Bad Aibling	36,000	98.63
Germany	Bad Nauheim	33,700	92.33
Germany	Baumholder	40,800	111.78
Germany	Berlin	51,500	141.10
Germany	Birkenfeld	40,800	111.78
Germany	Boeblingen	51,200	140.27
Germany	Bonn	42,000	115.07
Germany	Butzbach	33,000	90.41
Germany	Cologne	56,200	153.97
Germany	Darmstadt	42,200	115.62
Germany	Frankfurt am Main	44,000	120.55
Germany	Friedberg	33,700	92.33
Germany	Garmisch-Partenkirchen	39,000	106.85
Germany	Gelnhausen	53,100	145.48
Germany	Germersheim	31,900	87.40
Germany	Giebelstadt	36,400	99.73
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	42,000	115.07
Germany	Hanau	53,100	145.48
Germany	Hannover	31,500	86.30
Germany	Heidelberg	39,400	107.95
Germany	Idar-Oberstein	40,800	111.78
Germany	Ingolstadt	59,400	162.74
Germany	Kaiserslautern, Landkreis	50,900	139.45
Germany	Kitzingen	36,400	99.73

Germany	Leimen	39,400	107.95
Germany	Ludwigsburg	51,200	140.27
Germany	Mainz	57,000	156.16
Germany	Mannheim	39,400	107.95
Germany	Munich	59,400	162.74
Germany	Nellingen	51,200	140.27
Germany	Neubruecke	40,800	111.78
Germany	Ober Ramstadt	42,200	115.62
Germany	Oberammergeau	39,000	106.85
Germany	Pfullendorf	41,400	113.42
Germany	Pirmasens	50,900	139.45
Germany	Rheinau	39,400	107.95
Germany	Schwetzingen	39,400	107.95
Germany	Seckenheim	39,400	107.95
Germany	Sembach	50,900	139.45
Germany	Stuttgart	51,200	140.27
Germany	Vilseck	42,000	115.07
Germany	Wahn	42,000	115.07
Germany	Wertheim	36,400	99.73
Germany	Wiesbaden	57,000	156.16
Germany	Wuerzburg	36,400	99.73
Germany	Zweibruecken	50,900	139.45
Germany	All cities other than Augsburg, Babenhausen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtesgaden, Berlin, Birkenfeld, Boeblingen, Bonn, Bremen, Bremerhaven, Butzbach, Cologne, Darmstadt, Delmenhorst, Duesseldorf, Erlangen, Flensburg, Frankfurt am Main, Friedberg, Fuerth, Garlstedt, Garmisch-Partenkirchen, Geilenkirchen, Gelnhausen, Germersheim, Giebelstadt, Giessen, Grafenwoehr, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Heilbronn, Herongen, Idar-Oberstein, Ingolstadt, Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig, Ludwigsburg, Mainz, Mannheim, Mayen, Moenchen-Gladbach, Muenster, Munich, Nellingen, Neubruecke, Noervenich, Nuernberg, Ober Ramstadt, Oberammergeau, Osterholz- Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim,	41,400	113.42

	Sembach, Stuttgart, Twisteden, Vilseck, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf and Zweibruecken		
Ghana	Accra	36,000	98.63
Greece	Argyroupolis	32,900	90.14
Greece	Athens	42,200	115.62
Greece	Elefsis	42,200	115.62
Greece	Ellinikon	42,200	115.62
Greece	Mt. Hortiatis	32,900	90.14
Greece	Mt. Parnis	42,200	115.62
Greece	Mt. Pateras	42,200	115.62
Greece	Nea Makri	42,200	115.62
Greece	Perivolaki	32,900	90.14
Greece	Piraeus	42,200	115.62
Greece	Tanagra	42,200	115.62
Greece	Thessaloniki	32,900	90.14
Guatemala	Guatemala City	41,800	114.52
Guyana	Georgetown	35,000	95.89
Holy See, The	Holy See, The	57,300	156.99
Hungary	Budapest	32,500	89.04
Hungary	Papá	44,500	121.92
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	49,800	136.44
Ireland	Shannon Area	39,300	107.67
Israel	Tel Aviv	50,800	139.18
Italy	Catania	33,500	91.78
Italy	Genoa	41,800	114.52
Italy	Gioia Tauro	31,200	85.48
Italy	La Spezia	40,400	110.68
Italy	Leghorn	35,900	98.36
Italy	Milan	85,600	234.52
Italy	Naples	54,400	149.04
Italy	Parma	43,500	119.18
Italy	Pisa	35,900	98.36
Italy	Pordenone-Aviano	43,500	119.18
Italy	Rome	57,300	156.99
Italy	Sigonella	33,500	91.78
Italy	Turin	42,800	117.26
Italy	Vicenza	45,100	123.56
Italy	All cities other than Avellino, Brindisi, Catania, Florence, Gaeta, Genoa, Gioia Tauro, La Spezia, Leghorn, Milan, Mount Vergine, Naples, Nettuno, Parma, Pisa, Pordenone-Aviano, Rome,	35,000	95.89

Sardinia, Sigonella, Turin, Verona, and Vicenza			
Jamaica	Kingston	41,200	112.88
Japan	Akashi	32,000	87.67
Japan	Atsugi	40,900	112.05
Japan	Camp Zama	40,900	112.05
Japan	Chiba-Ken	40,900	112.05
Japan	Fussa	40,900	112.05
Japan	Gifu	74,300	203.56
Japan	Gotemba	30,600	83.84
Japan	Haneda	40,900	112.05
Japan	Iwakuni	33,000	90.41
Japan	Kanagawa-Ken	40,900	112.05
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	40,900	112.05
Japan	Misawa	34,800	95.34
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	59,400	162.74
Japan	Osaka-Kobe	90,664	248.39
Japan	Sagamihara	40,900	112.05
Japan	Saitama-Ken	40,900	112.05
Japan	Sasebo	35,400	96.99
Japan	Tachikawa	40,900	112.05
Japan	Tokyo	96,000	263.01
Japan	Tokyo-to	40,900	112.05
Japan	Yokohama	52,600	144.11
Japan	Yokosuka	47,700	130.68
Japan	Yokota	40,900	112.05
Kazakhstan	Almaty	48,000	131.51
Korea	Ammo Depot #9	30,100	82.47
Korea	Camp Carroll	32,600	89.32
Korea	Camp Colbern	57,100	156.44
Korea	Camp Market	57,100	156.44
Korea	Camp Mercer	57,100	156.44
Korea	Chinhae	30,900	84.66
Korea	K-16	57,100	156.44
Korea	Kimhae	31,100	85.21
Korea	Kimpo Airfield	57,100	156.44
Korea	Munsan	35,000	95.89
Korea	Osan AB	36,000	98.63
Korea	Pusan	31,100	85.21
Korea	Pyongtaek	35,700	97.81
Korea	Seoul	57,100	156.44
Korea	Suwon	57,100	156.44
Korea	Taegu	34,300	93.97
Korea	Tongduchon	31,900	87.40
Korea	Uijongbu	33,800	92.60

Korea	Waegwan	32,600	89.32
Korea	All cities other than Ammo Depot #9, Camp Carroll, Camp Colbern, Camp Market, Camp Mercer, Changwon, Chinhae, Chunchon, K-16, Kimhae, Kimpo Airfield, Kunsun, Kwangju, Munsan, Osan AB, Pusan, Pyongtaek, Seoul, Suwon, Taegu, Tongduchon, Uijongbu, and Waegwan	33,000	90.41
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	47,000	128.77
Macedonia	Skopje	35,400	96.99
Malaysia	Kuala Lumpur	46,200	126.58
Malaysia	All cities other than Kuala Lumpur	33,700	92.33
Malta	Malta	55,100	150.96
Mexico	Mazatlan	31,000	84.93
Mexico	Merida	37,900	103.84
Mexico	Mexico City	47,900	131.23
Mexico	Monterrey	33,200	90.96
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Reynosa, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz	39,400	107.95
Mozambique	Maputo	39,500	108.22
Namibia	Windhoek	32,100	87.95
Netherlands	Amsterdam	52,900	144.93
Netherlands	Aruba	36,000	98.63
Netherlands	Brunssum	41,000	112.33
Netherlands	Eygelshoven	41,000	112.33
Netherlands	Hague, The	68,300	187.12
Netherlands	Heerlen	41,000	112.33
Netherlands	Hoensbroek	41,000	112.33
Netherlands	Hulsberg	41,000	112.33
Netherlands	Kerkrade	41,000	112.33
Netherlands	Landgraaf	41,000	112.33
Netherlands	Maastricht	41,000	112.33
Netherlands	Papendrecht	41,100	112.60
Netherlands	Rotterdam	41,100	112.60
Netherlands	Schaesburg	41,000	112.33
Netherlands	Schinnen	41,000	112.33
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	68,300	187.12

Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelshoven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg	40,600	111.23
Netherlands Antilles	Curacao	45,800	125.48
New Zealand	Auckland	35,700	97.81
New Zealand	Christchurch	32,100	87.95
New Zealand	Wellington	33,800	92.60
Nicaragua	Managua	31,800	87.12
Nigeria	Abuja	36,000	98.63
Norway	Oslo	49,000	134.25
Norway	Stavanger	41,600	113.97
Norway	All cities other than Oslo and Stavanger	37,700	103.29
Panama	Panama City	35,500	97.26
Paraguay	Asuncion	31,100	85.21
Peru	Lima	39,100	107.12
Philippines	Cavite	39,000	106.85
Philippines	Manila	39,000	106.85
Poland	Poland	29,400	80.55
Portugal	Alverca	52,400	143.56
Portugal	Lisbon	52,400	143.56
Qatar	Doha	36,264	99.35
Qatar	All cities other than Doha	32,400	88.77
Russia	Moscow	108,000	295.89
Russia	Saint Petersburg	60,000	164.38
Russia	Sakhalin Island	77,500	212.33
Russia	Vladivostok	77,500	212.33
Russia	Yekaterinburg	47,400	129.86
Rwanda	Kigali	31,500	86.30
Saudi Arabia	Jeddah	30,667	84.02
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	86,300	236.44
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	69,800	191.23
Spain	Rota	42,600	116.71
Spain	Valencia	40,100	109.86
Spain	All cities other than Barcelona, Madrid, Rota, Seville, Seville Province, and Valencia	30,300	83.01
Suriname	Paramaribo	33,000	90.41
Switzerland	Bern	72,200	197.81

Switzerland	Geneva	100,500	275.34
Switzerland	Zurich	39,219	107.45
Switzerland	All cities other than Bern, Geneva and Zurich	32,900	90.14
Taiwan	Taipei	46,188	126.54
Tanzania	Dar Es Salaam	44,000	120.55
Thailand	Bangkok	59,000	161.64
Trinidad and Tobago	Port of Spain	54,500	149.32
Turkey	Izmir-Cigli	31,600	86.58
Turkey	Yamanlar	31,600	86.58
Ukraine	Kiev	72,000	197.26
United Arab Emirates	Abu Dhabi	49,687	136.13
United Arab Emirates	Dubai	57,174	156.64
United Kingdom	Basingstoke	41,099	112.60
United Kingdom	Bath	41,000	112.33
United Kingdom	Bracknell	62,100	170.14
United Kingdom	Bristol	40,500	110.96
United Kingdom	Brookwood	44,200	121.10
United Kingdom	Cambridge	44,100	120.82
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	53,600	146.85
United Kingdom	Croughton	45,000	123.29
United Kingdom	Fairford	43,700	119.73
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	42,500	116.44
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	47,400	129.86
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Kemble	43,700	119.73
United Kingdom	Lakenheath	55,900	153.15
United Kingdom	Liverpool	39,800	109.04
United Kingdom	London	88,700	243.01
United Kingdom	Loudwater	69,900	191.51
United Kingdom	Menwith Hill	47,400	129.86
United Kingdom	Mildenhall	55,900	153.15
United Kingdom	Oxfordshire	44,500	121.92
United Kingdom	Plymouth	44,500	121.92
United Kingdom	Portsmouth	44,500	121.92
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	45,700	125.21
United Kingdom	Samblesbury	44,200	121.10
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	45,500	124.66
United Kingdom	Wiltshire	42,300	115.89
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham,	44,200	121.10

Bracknell, Bristol, Brookwood,
 Brough, Cambridge, Caversham,
 Chelmsford, Cheltenham,
 Chicksands, Croughton,
 Dunstable, Edinburgh, Edzell,
 Fairford, Farnborough, Felixstowe,
 Ft. Halstead, Gibraltar,
 Glenrothes, Greenham Common,
 Harrogate, High Wycombe, Hythe,
 Kemble, Lakenheath, Liverpool,
 London, Loudwater, Menwith
 Hill, Mildenhall, Nottingham,
 Oxfordshire, Plymouth,
 Portsmouth, Reading, Rochester,
 Sablesbury, Southampton,
 Surrey, Waterbeach, Welford,
 West Byfleet, and Wiltshire

Venezuela	Caracas	57,000	156.16
Vietnam	Hanoi	46,800	128.22
Vietnam	Ho Chi Minh City	42,000	115.07

SECTION 4. ELECTION TO APPLY 2014 ADJUSTED LIMITATIONS TO 2013 TAXABLE YEAR

For some locations, the limitation on housing expenses provided in section 3 of this notice may be higher than the limitation on housing expenses provided in the “Table of Adjusted Limitations for 2013” in Notice 2013-31. A qualified individual incurring housing expenses in such a location during 2013 may apply the adjusted limitation on housing expenses provided in section 3 of this notice in lieu of the amounts provided in the “Table of Adjusted Limitations for 2013” in Notice 2013-31 (and as set forth in the Instructions to Form 2555 (2013)).

Treasury and the IRS anticipate that future annual notices providing adjustments to housing expense limitations will make a similar election available to qualified individuals that incur housing expenses in the immediately preceding year. For example, when adjusted housing expense limitations for 2015 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2014 taxable year.

EFFECT ON OTHER DOCUMENTS

This notice supersedes Notice 2006-87, 2006-2 C.B. 766, Notice 2007-25, 2007-1 C.B. 760, Notice 2007-77, 2007-2 C.B. 735, Notice 2008-107, 2008-2 C.B. 1266, Notice 2010-27, 2010-1 C.B. 531, Notice 2011-8, 2011-1 C.B. 503, Notice 2012-19, 2012-1 C.B. 440, and Notice 2013-31, 2013-1 C.B. 1099.

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2014. However, as provided in section 4, a taxpayer may elect to apply the 2014 adjusted housing limitations contained in section 3 of this notice to his or her taxable year beginning in 2013.

DRAFTING INFORMATION

The principal author of this notice is Susan E. Massey of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Ms. Massey at (202) 317-6934 (not a toll-free call).