

Part III - Administrative, Procedural, and Miscellaneous

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2010

Notice 2010-27

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 2010. 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 (\$250.68 per day for 2010, or \$91,500 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 2010 is \$14,640 ($\$91,500 \times .16$).

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 \$27,450 ($\$91,500 \times .30$) in 2010.

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, and Notice 2008-107, 2008-2 C.B. 1266, for 2008, 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 2010

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$27,450) for 2010.

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Angola	Luanda	230.14	84,000
Argentina	Buenos Aires	154.79	56,500
Australia	Adelaide	83.29	30,400
Australia	Brisbane	82.47	30,100
Australia	Gold Coast	82.47	30,100
Australia	Melbourne	105.48	38,500
Australia	Oakey	82.47	30,100
Australia	Perth	112.88	41,200
Australia	Sydney	89.81	32,782
Australia	Toowoomba	82.47	30,100
Austria	Vienna	96.99	35,400
Bahamas, The	Nassau	136.16	49,700
Bahrain	Bahrain	120.55	44,000
Barbados	Barbados	103.29	37,700
Belgium	Antwerp	109.59	40,000
Belgium	Brussels	144.66	52,800
Belgium	Gosselies	129.04	47,100
Belgium	Hoogbuul	109.59	40,000
Belgium	Mons	129.04	47,100
Belgium	SHAPE/Chievres	129.04	47,100
Bermuda	Bermuda	246.58	90,000
Bosnia-Herzegovina	Sarajevo	92.05	33,600
Brazil	Brasilia	151.51	55,300
Brazil	Rio de Janeiro	96.16	35,100
Brazil	Sao Paulo	127.40	46,500
Canada	Calgary	105.75	38,600
Canada	Dartmouth	92.60	33,800
Canada	Edmonton	96.16	35,100
Canada	Halifax	92.60	33,800
Canada	London, Ontario	77.81	28,400
Canada	Montreal	156.71	57,200
Canada	Ottawa	129.32	47,200
Canada	Toronto	128.22	46,800
Canada	Vancouver	122.74	44,800
Canada	Victoria	90.96	33,200
Canada	Winnipeg	84.66	30,900
Cayman Islands	Grand Cayman	131.51	48,000
Chile	Santiago	136.99	50,000

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
China	Beijing	195.07	71,200
China	Hong Kong	313.15	114,300
China	Shanghai	156.17	57,001
Colombia	Bogota	148.22	54,100
Colombia	All cities other than Bogota and Barranquilla	135.34	49,400
Denmark	Copenhagen	119.74	43,704
Dominican Republic	Santo Domingo	124.66	45,500
Ecuador	Guayaquil	84.38	30,800
Ecuador	Quito	83.56	30,500
Estonia	Tallinn	127.67	46,600
France	Garches	257.26	93,900
France	Le Havre	108.22	39,500
France	Lyon	146.58	53,500
France	Marseille	136.99	50,000
France	Montpellier	121.37	44,300
France	Paris	257.26	93,900
France	Sevres	257.26	93,900
France	Suresnes	257.26	93,900
France	Versailles	257.26	93,900
Germany	Babenhausen	126.30	46,100
Germany	Bad Aibling	107.67	39,300
Germany	Bad Nauheim	100.82	36,800
Germany	Baumholder	120.55	44,000
Germany	Berlin	154.25	56,300
Germany	Birkenfeld	120.55	44,000
Germany	Boeblingen	153.15	55,900
Germany	Bonn	115.07	42,000
Germany	Butzbach	98.63	36,000
Germany	Darmstadt	126.30	46,100
Germany	Erlangen	79.73	29,100
Germany	Frankfurt am Main	131.78	48,100
Germany	Friedberg	100.82	36,800
Germany	Fuerth	79.73	29,100
Germany	Garmisch-Partenkirchen	115.07	42,000
Germany	Geilenkirchen	82.19	30,000
Germany	Gelnhausen	158.90	58,000
Germany	Germersheim	95.34	34,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Germany	Giebelstadt	109.04	39,800
Germany	Giessen	98.63	36,000
Germany	Grafenwoehr	124.11	45,300
Germany	Hanau	158.90	58,000
Germany	Hannover	94.25	34,400
Germany	Heidelberg	119.45	43,600
Germany	Idar-Oberstein	120.55	44,000
Germany	Ingolstadt	177.81	64,900
Germany	Kaiserslautern, Landkreis	154.52	56,400
Germany	Kitzingen	109.04	39,800
Germany	Leimen	119.45	43,600
Germany	Ludwigsburg	153.15	55,900
Germany	Mainz	170.41	62,200
Germany	Mannheim	119.45	43,600
Germany	Munich	177.81	64,900
Germany	Nellingen	153.15	55,900
Germany	Neubruেকে	120.55	44,000
Germany	Nuernberg	79.73	29,100
Germany	Ober Ramstadt	126.30	46,100
Germany	Oberammergau	115.07	42,000
Germany	Pirmasens	154.52	56,400
Germany	Rheinau	119.45	43,600
Germany	Schwabach	79.73	29,100
Germany	Schwetzingen	119.45	43,600
Germany	Seckenheim	119.45	43,600
Germany	Sembach	154.52	56,400
Germany	Stuttgart	153.15	55,900
Germany	Vilseck	124.11	45,300
Germany	Wahn	115.07	42,000
Germany	Wertheim	109.04	39,800
Germany	Wiesbaden	170.41	62,200
Germany	Wuerzburg	109.04	39,800
Germany	Zimdorf	79.73	29,100
Germany	Zweibruecken	154.52	56,400
Germany	All cities other than Augsburg, Babenhausen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtesgaden, Berlin, Birkenfeld, Boeblingen,	122.19	44,600

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	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, Oberammergau, Osterholz-Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim, Sembach, Stuttgart, Twisteden, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zimdorf and Zweibruecken		
Ghana	Accra	98.63	36,000
Greece	Argyroupolis	98.36	35,900
Greece	Athens	120.55	44,000
Greece	Elefsis	120.55	44,000
Greece	Ellinikon	120.55	44,000
Greece	Mt. Hortiatis	98.36	35,900
Greece	Mt. Parnis	120.55	44,000
Greece	Mt. Pateras	120.55	44,000
Greece	Nea Makri	120.55	44,000
Greece	Perivolaki	98.36	35,900
Greece	Piraeus	120.55	44,000
Greece	Souda Bay (Crete)	78.63	28,700
Greece	Tanagra	120.55	44,000
Greece	Thessaloniki	98.36	35,900

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Guatemala	Guatemala City	108.49	39,600
Guyana	Georgetown	95.89	35,000
Holy See, The	Holy See, The	171.23	62,500
Hungary	Budapest	89.04	32,500
Hungary	Papa	121.92	44,500
India	Mumbai	186.08	67,920
India	New Delhi	82.88	30,252
Indonesia	Jakarta	103.50	37,776
Ireland	Dublin	149.04	54,400
Ireland	Limerick	84.11	30,700
Ireland	Shannon Area	114.52	41,800
Israel	Tel Aviv	139.18	50,800
Italy	Catania	100.27	36,600
Italy	Genoa	110.68	40,400
Italy	Gioia Tauro	85.48	31,200
Italy	La Spezia	110.68	40,400
Italy	Leghorn	107.40	39,200
Italy	Milan	256.16	93,500
Italy	Naples	162.47	59,300
Italy	Pisa	107.40	39,200
Italy	Pordenone-Aviano	130.14	47,500
Italy	Rome	171.23	62,500
Italy	Sardinia	87.95	32,100
Italy	Sigonella	100.27	36,600
Italy	Turin	128.22	46,800
Italy	Verona	81.92	29,900
Italy	Vicenza	131.23	47,900
Italy	All cities other than Avellino, Brindisi, Catania, Florence, Gaeta, Genoa, Gioia Tauro, La Spezia, Leghorn, Milan, Mount Vergine, Naples, Nettuno, Pisa, Pordenone-Aviano, Rome, Sardinia, Sigonella, Turin, Verona, and Vicenza.	103.01	37,600
Jamaica	Kingston	112.88	41,200
Japan	Akashi	98.63	36,000
Japan	Akizuki	86.85	31,700
Japan	Atsugi	124.66	45,500
Japan	Camp Zama	124.66	45,500

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Japan	Chiba-Ken	124.66	45,500
Japan	Fussa	124.66	45,500
Japan	Gifu	80.00	29,200
Japan	Gotemba	94.25	34,400
Japan	Haneda	124.66	45,500
Japan	Iwakuni	88.77	32,400
Japan	Kanagawa-Ken	124.66	45,500
Japan	Komaki	80.00	29,200
Japan	Machidi-Shi	124.66	45,500
Japan	Misawa	108.22	39,500
Japan	Nagoya	103.52	37,786
Japan	Okinawa Prefecture	154.52	56,400
Japan	Osaka-Kobe	248.39	90,664
Japan	Sagamihara	124.66	45,500
Japan	Saitama-Ken	124.66	45,500
Japan	Sasebo	103.29	37,700
Japan	Tachikawa	124.66	45,500
Japan	Tokyo	295.62	107,900
Japan	Tokyo-to	124.66	45,500
Japan	Yokohama	162.19	59,200
Japan	Yokosuka	150.41	54,900
Japan	Yokota	124.66	45,500
Kazakhstan	Almaty	131.51	48,000
Korea	Camp Carroll	77.53	28,300
Korea	Camp Colbern	140.82	51,400
Korea	Camp Market	140.82	51,400
Korea	Camp Mercer	140.82	51,400
Korea	K-16	140.82	51,400
Korea	Kimpo Airfield	140.82	51,400
Korea	Munsan	85.21	31,100
Korea	Osan AB	87.95	32,100
Korea	Pyongtaek	86.30	31,500
Korea	Seoul	140.82	51,400
Korea	Suwon	140.82	51,400
Korea	Taegu	85.48	31,200
Korea	Uijongbu	82.47	30,100
Korea	Waegwan	77.53	28,300
Korea	All cities other than Ammo Depot	80.27	29,300

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	#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		
Kuwait	Kuwait City	176.44	64,400
Kuwait	All cities other than Kuwait City	158.08	57,700
Luxembourg	Luxembourg	140.55	51,300
Macedonia	Skopje	96.99	35,400
Malaysia	Kuala Lumpur	126.58	46,200
Malaysia	All cities other than Kuala Lumpur	92.33	33,700
Malta	Malta	131.51	48,000
Mexico	Hermosillo	76.16	27,800
Mexico	Mazatlan	84.93	31,000
Mexico	Merida	103.84	37,900
Mexico	Mexico City	125.21	45,700
Mexico	Monterrey	90.96	33,200
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz	107.95	39,400
Micronesia	Pohnpei	77.26	28,200
Mozambique	Maputo	98.63	36,000
Namibia	Windhoek	87.95	32,100
Netherlands	Amsterdam	144.93	52,900
Netherlands	Aruba	98.63	36,000
Netherlands	Brunssum	117.26	42,800
Netherlands	Eygelshoven	117.26	42,800
Netherlands	Hague, The	196.44	71,700
Netherlands	Heerlen	117.26	42,800
Netherlands	Hoensbroek	117.26	42,800
Netherlands	Hulsberg	117.26	42,800
Netherlands	Kerkrade	117.26	42,800
Netherlands	Landgraaf	117.26	42,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Netherlands	Maastricht	117.26	42,800
Netherlands	Papendrecht	123.01	44,900
Netherlands	Rotterdam	123.01	44,900
Netherlands	Schaesburg	117.26	42,800
Netherlands	Schinnen	117.26	42,800
Netherlands	Schiphol	144.93	52,900
Netherlands	Ypenburg	196.44	71,700
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eyselshoven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg.	104.93	38,300
Netherlands Antilles	Curacao	125.48	45,800
New Zealand	Auckland	97.81	35,700
New Zealand	Wellington	92.60	33,800
Nicaragua	Managua	87.12	31,800
Norway	Oslo	145.21	53,000
Norway	Stavanger	123.56	45,100
Norway	All cities other than Oslo and Stavanger.	103.29	37,700
Panama	Panama City	97.26	35,500
Philippines	Cavite	100.00	36,500
Philippines	Manila	100.00	36,500
Philippines	All cities other than Cavite and Manila	76.44	27,900
Poland	Poland	80.55	29,400
Portugal	Alverca	156.71	57,200
Portugal	Lajes Field	84.11	30,700
Portugal	Lisbon	156.71	57,200
Qatar	Doha	99.35	36,264
Qatar	All cities other than Doha	88.77	32,400
Russia	Moscow	295.89	108,000
Russia	Saint Petersburg	164.38	60,000
Russia	Sakhalin Island	212.33	77,500
Russia	Vladivostok	212.33	77,500
Russia	Yekaterinburg	129.86	47,400
Rwanda	Kigali	86.30	31,500

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Saudi Arabia	Jeddah	84.02	30,667
Saudi Arabia	Riyadh	109.59	40,000
Singapore	Singapore	171.78	62,700
South Africa	Pretoria	107.67	39,300
Spain	Barcelona	111.23	40,600
Spain	Madrid	209.04	76,300
Spain	Rota	120.55	44,000
Spain	Valencia	120.00	43,800
Spain	All cities other than Barcelona, Madrid, Rota and Valencia	90.68	33,100
Suriname	Paramaribo	90.41	33,000
Switzerland	Bern	169.32	61,800
Switzerland	Geneva	232.60	84,900
Switzerland	Zurich	107.45	39,219
Switzerland	All cities other than Bern, Geneva and Zurich	90.14	32,900
Taiwan	Taipei	126.54	46,188
Thailand	Bangkok	140.00	51,100
Turkey	Ankara	87.95	32,100
Turkey	Elmadag	87.95	32,100
Turkey	Izmir-Cigli	86.58	31,600
Turkey	Manzarali	87.95	32,100
Turkey	Yamanlar	86.58	31,600
Ukraine	Kiev	197.26	72,000
United Arab Emirates	Abu Dhabi	136.13	49,687
United Arab Emirates	Dubai	156.64	57,174
United Kingdom	Basingstoke	112.60	41,099
United Kingdom	Bath	112.33	41,000
United Kingdom	Bracknell	170.14	62,100
United Kingdom	Bristol	106.03	38,700
United Kingdom	Cambridge	117.81	43,000
United Kingdom	Caversham	202.19	73,800
United Kingdom	Cheltenham	147.67	53,900
United Kingdom	Croughton	121.10	44,200
United Kingdom	Fairford	121.10	44,200
United Kingdom	Farnborough	149.86	54,700
United Kingdom	Felixstowe	115.07	42,000
United Kingdom	Gibraltar	122.24	44,616
United Kingdom	Harrogate	127.12	46,400

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
United Kingdom	High Wycombe	170.14	62,100
United Kingdom	Kemble	121.10	44,200
United Kingdom	Lakenheath	150.41	54,900
United Kingdom	Liverpool	106.30	38,800
United Kingdom	London	233.15	85,100
United Kingdom	Loudwater	173.97	63,500
United Kingdom	Menwith Hill	127.12	46,400
United Kingdom	Mildenhall	150.41	54,900
United Kingdom	Oxfordshire	121.10	44,200
United Kingdom	Plymouth	121.10	44,200
United Kingdom	Portsmouth	121.10	44,200
United Kingdom	Reading	170.14	62,100
United Kingdom	Rochester	125.75	45,900
United Kingdom	Southampton	121.10	44,200
United Kingdom	Surrey	132.61	48,402
United Kingdom	Waterbeach	129.59	47,300
United Kingdom	Wiltshire	113.97	41,600
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham, Bracknell, Bristol, Brough, Bude, 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, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.	119.45	43,600
Venezuela	Caracas	156.16	57,000
Vietnam	Hanoi	128.22	46,800
Vietnam	Ho Chi Minh City	115.07	42,000

SECTION 4. HOUSING LIMITATION FOR 2009

Except as provided in section 5, the limitation for qualified individuals incurring housing expenses in taxable years beginning in 2009 is as follows. For taxable years beginning in calendar year 2009, the foreign earned income exclusion amount under § 911(b)(2)(D) is \$91,400. Thus, a qualified individual whose entire 2009 taxable year is within the applicable period is generally limited to maximum housing expenses of \$27,420 ($\$91,400 \times .30$). Because location amounts were not published for 2009, qualified individuals incurring housing expenses in 2009 in locations listed in the "Table of Adjusted Limitations for 2008" in Notice 2008-107 should use the amounts found in that table (which can also be found in the Instructions to Form 2555 (2009)) to determine their adjusted limitation for 2009.

SECTION 5. ELECTION TO APPLY 2010 ADJUSTED LIMITATIONS TO 2009 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 2008" in Notice 2008-107. A qualified individual incurring housing expenses in such a location during 2009 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 2008" in Notice 2008-107 (and as set forth in the Instructions to Form 2555 (2009)).

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 2011 are issued, it is expected

that taxpayers will be permitted to apply those adjusted limitations to the 2010 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, and Notice 2008-107, 2008-2 C.B. 1266.

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2010. However, as provided in section 5, a taxpayer may elect to apply the 2010 adjusted housing limitations contained in section 3 of this notice to his or her taxable year beginning in 2009.

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) 622-3840 (not a toll-free call).