

Part III - Administrative, Procedural and Miscellaneous

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2012

Notice 2012-19

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 2012. 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 (\$259.84 per day for 2012, or \$95,100 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 2012 is \$15,216 ($\$95,100 \times .16$).

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 \$28,530 ($\$95,100 \times .30$) in 2012.

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, and Notice 2011-8, 2011-1 C.B. 503, for 2010 and 2011 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 2012

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$28,530) for 2012.

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Angola	Luanda	229.51	84,000
Argentina	Buenos Aires	154.37	56,500
Australia	Adelaide	89.62	32,800
Australia	Brisbane	88.52	32,400
Australia	Darwin, Northern Country	83.61	30,600
Australia	Gold Coast	88.52	32,400
Australia	Melbourne	113.39	41,500
Australia	Oakey	88.52	32,400
Australia	Perth	121.31	44,400
Australia	Sydney	89.57	32,782
Australia	Toowoomba	88.52	32,400
Austria	Vienna	96.72	35,400
Bahamas, The	Nassau	135.79	49,700
Bahrain	Bahrain	120.22	44,000
Barbados	Barbados	103.01	37,700
Belgium	Antwerp	98.63	36,100
Belgium	Brussels	130.33	47,700
Belgium	Gosselies	118.31	43,300
Belgium	Hoogbuul	98.63	36,100
Belgium	Mons	118.31	43,300
Belgium	SHAPE/Chievres	118.31	43,300
Bermuda	Bermuda	245.90	90,000

Bosnia-Herzegovina	Sarajevo	83.61	30,600
Brazil	Brasilia	144.26	52,800
Brazil	Rio de Janeiro	95.90	35,100
Brazil	Sao Paulo	154.64	56,600
Canada	Calgary	109.02	39,900
Canada	Dartmouth	93.44	34,200
Canada	Edmonton	96.99	35,500
Canada	Halifax	93.44	34,200
Canada	London, Ontario	82.79	30,300
Canada	Montreal	154.37	56,500
Canada	Ottawa	136.07	49,800
Canada	Toronto	134.70	49,300
Canada	Vancouver	128.42	47,000
Canada	Victoria	91.53	33,500
Canada	Winnipeg	90.16	33,000
Cayman Islands	Grand Cayman	131.15	48,000
Chile	Santiago	140.16	51,300
China	Beijing	194.54	71,200
China	Hong Kong	312.30	114,300
China	Shanghai	155.74	57,001
Colombia	Bogota	147.81	54,100
Colombia	All cities other than Bogota	134.97	49,400
Costa Rica	San Jose	87.43	32,000
Denmark	Copenhagen	119.41	43,704

Dominican Republic	Santo Domingo	124.32	45,500
Ecuador	Guayaquil	84.15	30,800
Ecuador	Quito	88.52	32,400
Estonia	Tallinn	127.32	46,600
France	Garches	231.69	84,800
France	Le Havre	96.17	35,200
France	Lyon	133.88	49,000
France	Marseille	124.86	45,700
France	Montpellier	107.92	39,500
France	Paris	231.69	84,800
France	Sevres	231.69	84,800
France	Suresnes	231.69	84,800
France	Versailles	231.69	84,800
Germany	Babenhausen	113.66	41,600
Germany	Bad Aibling	96.99	35,500
Germany	Bad Nauheim	90.98	33,300
Germany	Baumholder	108.47	39,700
Germany	Berlin	138.80	50,800
Germany	Birkenfeld	108.47	39,700
Germany	Boeblingen	137.70	50,400
Germany	Bonn	114.75	42,000
Germany	Butzbach	88.80	32,500
Germany	Cologne	153.55	56,200
Germany	Darmstadt	113.66	41,600

Germany	Frankfurt am Main	118.58	43,400
Germany	Friedberg	90.98	33,300
Germany	Garmisch-Partenkirchen	103.55	37,900
Germany	Gelnhausen	143.17	52,400
Germany	Germersheim	85.79	31,400
Germany	Giebelstadt	98.09	35,900
Germany	Giessen	98.36	36,000
Germany	Grafenwoehr	111.75	40,900
Germany	Hanau	143.17	52,400
Germany	Hannover	84.70	31,000
Germany	Heidelberg	107.65	39,400
Germany	Idar-Oberstein	108.47	39,700
Germany	Ingolstadt	160.11	58,600
Germany	Kaiserslautern, Landkreis	139.07	50,900
Germany	Kitzingen	98.09	35,900
Germany	Leimen	107.65	39,400
Germany	Ludwigsburg	137.70	50,400
Germany	Mainz	153.55	56,200
Germany	Mannheim	107.65	39,400
Germany	Munich	160.11	58,600
Germany	Nellingen	137.70	50,400
Germany	Neubruecke	108.47	39,700
Germany	Ober Ramstadt	113.66	41,600
Germany	Oberammergau	103.55	37,900

Germany	Pirmasens	139.07	50,900
Germany	Rheinau	107.65	39,400
Germany	Schwetzingen	107.65	39,400
Germany	Seckenheim	107.65	39,400
Germany	Sembach	139.07	50,900
Germany	Stuttgart	137.70	50,400
Germany	Vilseck	111.75	40,900
Germany	Wahn	114.75	42,000
Germany	Wertheim	98.09	35,900
Germany	Wiesbaden	153.55	56,200
Germany	Wuerzburg	98.09	35,900
Germany	Zweibruecken	139.07	50,900

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, Oberammergau, Osterholz-Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim, Sembach, Stuttgart, Twisteden, Vilseck, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf, and Zweibruecken	110.11	40,300
Ghana	Accra	98.36	36,000
Greece	Argyroupolis	88.52	32,400
Greece	Athens	113.66	41,600
Greece	Elefsis	113.66	41,600
Greece	Ellinikon	113.66	41,600
Greece	Mt. Hortiatis	88.52	32,400
Greece	Mt. Parnis	113.66	41,600

Greece	Mt. Pateras	113.66	41,600
Greece	Nea Makri	113.66	41,600
Greece	Perivolaki	88.52	32,400
Greece	Piraeus	113.66	41,600
Greece	Tanagra	113.66	41,600
Greece	Thessaloniki	88.52	32,400
Guatemala	Guatemala City	115.03	42,100
Guyana	Georgetown	95.63	35,000
Holy See, The	Holy See, The	154.37	56,500
Hungary	Budapest	88.80	32,500
Hungary	Papá	121.58	44,500
India	Mumbai	185.57	67,920
India	New Delhi	82.66	30,252
Indonesia	Jakarta	103.21	37,776
Ireland	Dublin	134.15	49,100
Ireland	Shannon Area	106.01	38,800
Israel	Tel Aviv	138.80	50,800
Italy	Catania	90.16	33,000
Italy	Genoa	114.21	41,800
Italy	Gioia Tauro	85.25	31,200
Italy	La Spezia	110.38	40,400
Italy	Leghorn	96.72	35,400
Italy	Milan	230.60	84,400
Italy	Naples	146.45	53,600

Italy	Parma	117.21	42,900
Italy	Pisa	96.72	35,400
Italy	Pordenone-Aviano	117.21	42,900
Italy	Rome	154.37	56,500
Italy	Sardinia	79.23	29,000
Italy	Sigonella	90.16	33,000
Italy	Turin	115.30	42,200
Italy	Vicenza	118.31	43,300
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, Sardinia, Sigonella, Turin, Verona, and Vicenza.	92.62	33,900
Jamaica	Kingston	112.57	41,200
Japan	Akashi	116.67	42,700
Japan	Akizuki	102.73	37,600
Japan	Atsugi	150.55	55,100
Japan	Camp Zama	150.55	55,100
Japan	Chiba-Ken	150.55	55,100
Japan	Fussa	150.55	55,100
Japan	Gifu	203.01	74,300
Japan	Gotemba	111.48	40,800
Japan	Haneda	150.55	55,100
Japan	Iwakuni	117.76	43,100
Japan	Kanagawa-Ken	150.55	55,100

Japan	Komaki	203.01	74,300
Japan	Machidi-Shi	150.55	55,100
Japan	Misawa	126.50	46,300
Japan	Nagoya	203.01	74,300
Japan	Okinawa Prefecture	202.73	74,200
Japan	Osaka-Kobe	247.72	90,664
Japan	Sagamihara	150.55	55,100
Japan	Saitama-Ken	150.55	55,100
Japan	Sasebo	126.23	46,200
Japan	Tachikawa	150.55	55,100
Japan	Tokyo	349.73	128,000
Japan	Tokyo-to	150.55	55,100
Japan	Yokohama	189.34	69,300
Japan	Yokosuka	175.68	64,300
Japan	Yokota	150.55	55,100
Kazakhstan	Almaty	131.15	48,000
Korea	Camp Carroll	83.06	30,400
Korea	Camp Colbern	143.44	52,500
Korea	Camp Market	143.44	52,500
Korea	Camp Mercer	143.44	52,500
Korea	K-16	143.44	52,500
Korea	Kimhae	78.14	28,600
Korea	Kimpo Airfield	143.44	52,500
Korea	Munsan	87.98	32,200

Korea	Osan AB	90.71	33,200
Korea	Pusan	78.14	28,600
Korea	Pyongtaek	89.07	32,600
Korea	Seoul	143.44	52,500
Korea	Suwon	143.44	52,500
Korea	Taegu	86.07	31,500
Korea	Tongduchon	78.96	28,900
Korea	Uijongbu	84.97	31,100
Korea	Waegwan	83.06	30,400
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	82.79	30,300
Kuwait	Kuwait City	175.96	64,400
Kuwait	All cities other than Kuwait City	157.65	57,700
Luxembourg	Luxembourg	126.50	46,300
Macedonia	Skopje	96.72	35,400
Malaysia	Kuala Lumpur	126.23	46,200
Malaysia	All cities other than Kuala Lumpur	92.08	33,700
Malta	Malta	137.98	50,500
Mexico	Mazatlan	84.70	31,000
Mexico	Merida	103.55	37,900
Mexico	Mexico City	118.58	43,400
Mexico	Monterrey	90.71	33,200

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	107.65	39,400
Mozambique	Maputo	107.92	39,500
Namibia	Windhoek	87.70	32,100
Netherlands	Amsterdam	144.54	52,900
Netherlands	Aruba	98.36	36,000
Netherlands	Brunssum	108.74	39,800
Netherlands	Eygelshoven	108.74	39,800
Netherlands	Hague, The	183.88	67,300
Netherlands	Heerlen	108.74	39,800
Netherlands	Hoensbroek	108.74	39,800
Netherlands	Hulsberg	108.74	39,800
Netherlands	Kerkrade	108.74	39,800
Netherlands	Landgraaf	108.74	39,800
Netherlands	Maastricht	108.74	39,800
Netherlands	Papendrecht	110.93	40,600
Netherlands	Rotterdam	110.93	40,600
Netherlands	Schaesburg	108.74	39,800
Netherlands	Schinnen	108.74	39,800
Netherlands	Schiphol	144.54	52,900
Netherlands	Ypenburg	183.88	67,300

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.	110.93	40,600
Netherlands Antilles	Curacao	125.14	45,800
New Zealand	Auckland	97.54	35,700
New Zealand	Wellington	92.35	33,800
Nicaragua	Managua	86.89	31,800
Nigeria	Abuja	98.36	36,000
Norway	Oslo	141.26	51,700
Norway	Stavanger	119.95	43,900
Norway	All cities other than Oslo and Stavanger.	103.01	37,700
Panama	Panama City	96.99	35,500
Philippines	Cavite	106.56	39,000
Philippines	Manila	106.56	39,000
Poland	Poland	80.33	29,400
Portugal	Alverca	141.26	51,700
Portugal	Lisbon	141.26	51,700
Qatar	Doha	99.08	36,264
Qatar	All cities other than Doha	88.52	32,400
Russia	Moscow	295.08	108,000
Russia	Saint Petersburg	163.93	60,000
Russia	Sakhalin Island	211.75	77,500
Russia	Vladivostok	211.75	77,500

Russia	Yekaterinburg	129.51	47,400
Rwanda	Kigali	86.07	31,500
Saudi Arabia	Jeddah	83.79	30,667
Saudi Arabia	Riyadh	109.29	40,000
Singapore	Singapore	184.43	67,500
South Africa	Pretoria	107.38	39,300
Spain	Barcelona	110.93	40,600
Spain	Madrid	188.25	68,900
Spain	Rota	113.39	41,500
Spain	Valencia	108.20	39,600
Spain	All cities other than Barcelona, Madrid, Rota, Seville, Seville Province, and Valencia	81.69	29,900
Suriname	Paramaribo	90.16	33,000
Switzerland	Bern	181.69	66,500
Switzerland	Geneva	257.10	94,100
Switzerland	Zurich	107.16	39,219
Switzerland	All cities other than Bern, Geneva, and Zurich	89.89	32,900
Taiwan	Taipei	126.20	46,188
Tanzania	Dar Es Salaam	120.22	44,000
Thailand	Bangkok	161.20	59,000
Trinidad and Tobago	Port of Spain	148.91	54,500
Turkey	Izmir-Cigli	86.34	31,600
Turkey	Yamanlar	86.34	31,600
Ukraine	Kiev	196.72	72,000

United Arab Emirates	Abu Dhabi	135.76	49,687
United Arab Emirates	Dubai	156.21	57,174
United Kingdom	Basingstoke	112.29	41,099
United Kingdom	Bath	112.02	41,000
United Kingdom	Bracknell	169.67	62,100
United Kingdom	Bristol	105.74	38,700
United Kingdom	Brookwood	116.12	42,500
United Kingdom	Cambridge	117.49	43,000
United Kingdom	Caversham	201.64	73,800
United Kingdom	Cheltenham	140.98	51,600
United Kingdom	Croughton	117.21	42,900
United Kingdom	Fairford	116.94	42,800
United Kingdom	Farnborough	149.45	54,700
United Kingdom	Felixstowe	111.75	40,900
United Kingdom	Gibraltar	121.90	44,616
United Kingdom	Harrogate	123.50	45,200
United Kingdom	High Wycombe	169.67	62,100
United Kingdom	Kemble	116.94	42,800
United Kingdom	Lakenheath	145.90	53,400
United Kingdom	Liverpool	106.01	38,800
United Kingdom	London	228.42	83,600
United Kingdom	Loudwater	173.50	63,500
United Kingdom	Menwith Hill	123.50	45,200
United Kingdom	Mildenhall	145.90	53,400

United Kingdom	Oxfordshire	115.85	42,400
United Kingdom	Plymouth	115.85	42,400
United Kingdom	Portsmouth	115.85	42,400
United Kingdom	Reading	169.67	62,100
United Kingdom	Rochester	120.22	44,000
United Kingdom	Southampton	120.77	44,200
United Kingdom	Surrey	132.25	48,402
United Kingdom	Waterbeach	119.67	43,800
United Kingdom	Wiltshire	113.66	41,600
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham, 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, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.	116.12	42,500
Venezuela	Caracas	155.74	57,000
Vietnam	Hanoi	127.87	46,800
Vietnam	Ho Chi Minh City	114.75	42,000

SECTION 4. ELECTION TO APPLY 2012 ADJUSTED LIMITATIONS TO 2011

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 2011" in Notice 2011-8. A qualified individual incurring housing expenses in such a location during 2011 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 2011" in Notice 2011-8 (and as set forth in the Instructions to Form 2555 (2011)).

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 2013 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2012 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, and Notice 2011-8, 2011-1 C.B. 503.

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2012. However, as provided in section 4, a taxpayer may elect to apply the 2012 adjusted housing limitations contained in section 3 of this notice to his or her taxable year beginning in 2011.

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).