

Part III - Administrative, Procedural, and Miscellaneous

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2017

Notice 2017-21

SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code for specific locations for 2017. 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) allows a qualified individual to elect to exclude from gross income the foreign earned income and housing cost amount of such individual. The term "housing cost amount" is generally the total of the housing expenses for the taxable year minus a base housing amount. See section 911(c)(1). For this purpose, the housing expenses taken into account are limited to an amount that is tied to the maximum foreign earned income exclusion. Specifically, the limit on such housing expenses equals 30 percent (adjusted as may be provided under the Secretary's authority under section 911(c)(2)(B)) of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the

taxable year. See section 911(c)(2)(A). Thus, under this general limitation, a qualified individual whose entire taxable year is within the applicable period is limited to maximum housing expenses of \$30,630 ($\$102,100 \times .30$) for 2017.

Similarly, the computation of the base housing amount is also tied to the maximum foreign earned income exclusion. Specifically, the base housing amount is 16% of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. See sections 911(c)(1)(B) and 911(d)(1). Assuming that the entire taxable year of a qualified individual is within the applicable period, the base housing amount for 2017 is \$16,336 ($\$102,100 \times .16$). Section 911(c)(2)(B) authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) (which determines the limit on housing expenses) 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 have published annual notices concerning the limitation on the section 911 housing cost amounts since the 2006 taxable year.

For more background on the foreign housing exclusion, see <https://www.irs.gov/individuals/international-taxpayers/foreign-housing-exclusion-or-deduction>.

SECTION 3. TABLE OF ADJUSTED LIMITATIONS FOR 2017

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$30,630) for 2017.

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	Melbourne	31,600	86.58
Australia	Perth	33,800	92.60
Australia	Sydney	63,700	174.52
Austria	Vienna	35,400	96.99
Bahamas, The	Grand Bahama Island	30,900	84.66
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Barbados	Barbados	37,700	103.29
Belgium	Brussels	38,700	106.03
Belgium	Gosselies	33,800	92.60
Belgium	Mons	33,800	92.60
Belgium	SHAPE/Chievres	33,800	92.60
Bermuda	Bermuda	90,000	246.58
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	38,500	105.48
Canada	Montreal	51,300	140.55
Canada	Ottawa	43,600	119.45

Canada	Quebec	34,900	95.62
Canada	Toronto	45,600	124.93
Canada	Vancouver	43,700	119.73
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	40,600	111.23
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
Democratic Republic of the Congo	Kinshasa	42,000	115.07
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Ecuador	Guayaquil	30,800	84.38
Ecuador	Quito	38,200	104.66
El Salvador	San Salvador	32,000	87.67
Estonia	Tallinn	46,600	127.67
France	Garches	66,400	181.92
France	Lyon	36,700	100.55
France	Marseille	35,800	98.08
France	Paris	66,400	181.92

France	Sevres	66,400	181.92
France	Suresnes	66,400	181.92
France	Versailles	66,400	181.92
France	All cities other than Garches, Le Havre, Lyon, Marseille, Montpellier, Paris, Sevres, Suresnes, and Versailles	31,900	87.40
Germany	Babenhausen	32,600	89.32
Germany	Baumholder	32,300	88.49
Germany	Berlin	39,800	109.04
Germany	Birkenfeld	32,300	88.49
Germany	Boeblingen	39,500	108.22
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Darmstadt	32,600	89.32
Germany	Frankfurt am Main	34,000	93.15
Germany	Gelnhausen	41,000	112.33
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	32,900	90.14
Germany	Hanau	41,000	112.33
Germany	Idar-Oberstein	32,300	88.49
Germany	Ingolstadt	46,500	127.40
Germany	Kaiserslautern, Landkreis	39,800	109.04
Germany	Karlsruhe	31,400	86.03

Germany	Koblenz	32,000	87.67
Germany	Ludwigsburg	39,500	108.22
Germany	Mainz	43,400	118.90
Germany	Munich	46,500	127.40
Germany	Nellingen	39,500	108.22
Germany	Neubruecke	32,300	88.49
Germany	Ober Ramstadt	32,600	89.32
Germany	Pfullendorf	32,000	87.67
Germany	Pirmasens	39,800	109.04
Germany	Sembach	39,800	109.04
Germany	Stuttgart	39,500	108.22
Germany	Vilseck	32,900	90.14
Germany	Wahn	42,000	115.07
Germany	Wiesbaden	43,400	118.90
Germany	Zweibruecken	39,800	109.04
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,	32,000	87.67

	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		
Ghana	Accra	36,000	98.63
Greece	Athens	32,500	89.04
Greece	Elefsis	32,500	89.04
Greece	Ellinikon	32,500	89.04
Greece	Mt. Parnis	32,500	89.04
Greece	Mt. Pateras	32,500	89.04
Greece	Nea Makri	32,500	89.04
Greece	Piraeus	32,500	89.04
Greece	Tanagra	32,500	89.04
Guatemala	Guatemala City	41,800	114.52

Guinea	Conakry	51,300	140.55
Guyana	Georgetown	35,000	95.89
Holy See, The	Holy See, The	44,200	121.10
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	38,400	105.21
Israel	Tel Aviv	50,800	139.18
Italy	Genoa	41,800	114.52
Italy	Gioia Tauro	31,200	85.48
Italy	La Spezia	40,400	110.68
Italy	Milan	66,000	180.82
Italy	Naples	44,300	121.37
Italy	Parma	33,500	91.78
Italy	Pordenone-Aviano	34,300	93.97
Italy	Rome	44,200	121.10
Italy	Turin	33,100	90.68
Italy	Vicenza	36,000	98.63
Jamaica	Kingston	41,200	112.88
Japan	Atsugi	38,200	104.66
Japan	Camp Zama	38,200	104.66

Japan	Chiba-Ken	38,200	104.66
Japan	Fussa	38,200	104.66
Japan	Gifu	74,300	203.56
Japan	Haneda	38,200	104.66
Japan	Kanagawa-Ken	38,200	104.66
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	38,200	104.66
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	53,000	145.21
Japan	Osaka-Kobe	90,664	248.39
Japan	Sagamihara	38,200	104.66
Japan	Saitama-Ken	38,200	104.66
Japan	Sasebo	32,000	87.67
Japan	Tachikawa	38,200	104.66
Japan	Tokyo	85,700	234.79
Japan	Tokyo-to	38,200	104.66
Japan	Yokohama	47,000	128.77
Japan	Yokosuka	44,900	123.01
Japan	Yokota	36,500	100.00
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market	54,900	150.41
Korea	Camp Mercer	54,200	148.49

Korea	K-16	54,900	150.41
Korea	Kimpo Airfield	54,900	150.41
Korea	Munsan	31,500	86.30
Korea	Osan AB	34,300	93.97
Korea	Pyongtaek	39,200	107.40
Korea	Seoul	54,900	150.41
Korea	Suwon	54,900	150.41
Korea	Taegu	33,400	91.51
Korea	Tongduchon	35,200	96.44
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	36,200	99.18
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,	39,400	107.95

	Monterrey, Nogales, Nuevo Laredo, Reynosa, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz		
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	32,400	88.77
Netherlands	Eygelshoven	32,400	88.77
Netherlands	Hague, The	52,700	144.38
Netherlands	Heerlen	32,400	88.77
Netherlands	Hoensbroek	32,400	88.77
Netherlands	Hulsberg	32,400	88.77
Netherlands	Kerkrade	32,400	88.77
Netherlands	Landgraaf	32,400	88.77
Netherlands	Maastricht	32,400	88.77
Netherlands	Papendrecht	31,700	86.85
Netherlands	Rotterdam	31,700	86.85
Netherlands	Schaesburg	32,400	88.77
Netherlands	Schinnen	32,400	88.77
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	52,700	144.38
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelshoven, The	31,300	85.75

	Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg		
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	35,200	96.44
Oman	Muscat	41,300	113.15
Panama	Panama City	35,500	97.26
Paraguay	Asuncion	31,100	85.21
Peru	Lima	39,100	107.12
Philippines	Cavite	34,000	93.15
Philippines	Manila	37,380	102.41
Portugal	Alverca	40,400	110.68
Portugal	Lisbon	40,400	110.68
Qatar	Al Udeid (in All Cities)	32,400	88.77
Qatar	Doha	42,744	117.11
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	75,900	207.95
Slovenia	Ljubljana	46,400	127.12
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	53,900	147.67
Spain	Rota	32,900	90.14
Spain	Valencia	31,000	84.93
Suriname	Paramaribo	33,000	90.41
Switzerland	Bern	63,000	172.60
Switzerland	Geneva	90,600	248.22
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	Port of Spain	54,500	149.32

Tobago			
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	31,300	85.75
United Kingdom	Brookwood	34,300	93.97
United Kingdom	Cambridge	40,700	111.51
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	49,600	135.89
United Kingdom	Croughton	35,000	95.89
United Kingdom	Fairford	34,000	93.15
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	32,900	90.14
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	36,800	100.82
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Huntingdon	34,300	93.97

United Kingdom	Kemble	34,000	93.15
United Kingdom	Lakenheath	43,900	120.27
United Kingdom	Liverpool	30,900	84.66
United Kingdom	London	68,700	188.22
United Kingdom	Loudwater	54,200	148.49
United Kingdom	Menwith Hill	36,800	100.82
United Kingdom	Mildenhall	43,900	120.27
United Kingdom	Oxfordshire	34,500	94.52
United Kingdom	Plymouth	34,500	94.52
United Kingdom	Portsmouth	34,500	94.52
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	35,400	96.99
United Kingdom	Samlesbury	34,300	93.97
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	35,300	96.71
United Kingdom	Wiltshire	32,800	89.86
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,	34,300	93.97

	Greenham Common, Harrogate, High Wycombe, Huntingdon, Hythe, Kemble, Lakenheath, Liverpool, London, Loudwater, Menwith Hill, Mildenhall, Nottingham, Oxfordshire, Plymouth, Portsmouth, Reading, Rochester, Samlesbury, 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 2017 ADJUSTED LIMITATIONS TO 2016

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 2016" in Notice 2016-21. A qualified individual incurring housing expenses in such a location during 2016 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2016 in lieu of the amounts provided in the "Table of Adjusted Limitations for 2016" in Notice 2016-21 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2016).

The Treasury Department 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 2018 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2017 taxable year.

SECTION 5. Filing Prior Year or Amended Tax Returns

Notice 2011–8, 2011–1 C.B. 503; Notice 2012–19, 2012–1 C.B. 440; Notice 2013–31, 2013–1 C.B. 1099; Notice 2014-29, 2014-1 C.B. 991; Notice 2015-33, 2015-18 I.R.B. 934; and Notice 2016-21, 2016-1 C.B. 465, are relisted to assist those individuals who are filing prior year or amended tax returns.

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; Notice 2013–31, 2013–1 C.B. 1099; Notice 2014-29, 2014-1 C.B. 991; Notice 2015-33, 2015-18 I.R.B. 934; and Notice 2016-21, 2016-1 C.B. 465.

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2017. However, as provided in Section 4, a taxpayer may elect to apply the 2017 adjusted housing limitations contained in Section 3 of this notice to his or her taxable year beginning in 2016.

DRAFTING INFORMATION

The principal author of this notice is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Kate Y.

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