

## Part III - Administrative, Procedural, and Miscellaneous

### Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2018

Notice 2018-44

#### 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 2018. 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 \$31,170 ( $\$103,900 \times .30$ ) for 2018.

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 2018 is \$16,624 ( $\$103,900 \times .16$ ). 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 Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have published annual notices concerning the limitation on the section 911 housing cost amounts since the 2006 taxable year.

Notice 2018-33, 2018-17 I.R.B. 508, was issued on April 23, 2018. That notice used an incorrect amount for the maximum foreign earned income exclusion to calculate the housing cost amount for 2018. This notice revokes Notice 2018-33 and provides the correct amount of the maximum housing expenses and the base housing

amount for 2018. This notice also provides an updated table of adjusted limitations on housing expenses.

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 2018

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$31,170) for 2018.

<b>Country</b>	<b>Location</b>	<b>Limitation on Housing Expenses (full year)</b>	<b>Limitation on Housing Expenses (daily)</b>
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Australia	Melbourne	32,100	87.95
Australia	Perth	34,300	93.97
Australia	Sydney	64,700	177.26
Austria	Vienna	35,400	96.99
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Barbados	Barbados	37,700	103.29
Belgium	Antwerp	31,300	85.75
Belgium	Brussels	42,900	117.53
Belgium	Gosselies	38,200	104.66

Belgium	Hoogbuul	31,300	85.75
Belgium	Mons	38,200	104.66
Belgium	SHAPE/Chievres	38,200	104.66
Bermuda	Bermuda	90,000	246.58
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	39,400	107.95
Canada	Montreal	52,500	143.84
Canada	Ottawa	44,600	122.19
Canada	Quebec	35,700	97.81
Canada	Toronto	46,700	127.95
Canada	Vancouver	44,700	122.47
Canada	Victoria	40,500	110.96
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	40,900	112.05
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	Quito	38,200	104.66
El Salvador	San Salvador	32,000	87.67
Estonia	Tallinn	46,600	127.67
France	Garches	73,600	201.64
France	Lyon	40,700	111.51
France	Marseille	39,700	108.77
France	Montpellier	32,800	89.86
France	Paris	73,600	201.64
France	Sevres	73,600	201.64
France	Suresnes	73,600	201.64
France	Versailles	73,600	201.64
France	All cities other than Garches, Le Havre, Lyon, Marseille, Montpellier, Paris, Sevres, Suresnes and Versailles	31,900	87.40
Germany	Babenhausen	36,100	98.90
Germany	Baumholder	35,900	98.36
Germany	Berlin	44,100	120.82
Germany	Birkenfeld	35,900	98.36
Germany	Boeblingen	43,900	120.27
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97

Germany	Darmstadt	36,100	#REF!
Germany	Frankfurt am Main	37,700	103.29
Germany	Garmisch-Partenkirchen	33,900	92.88
Germany	Gelnhausen	45,500	124.66
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	36,400	99.73
Germany	Hanau	45,500	124.66
Germany	Heidelberg	33,700	92.33
Germany	Idar-Oberstein	35,900	98.36
Germany	Ingolstadt	51,500	141.10
Germany	Kaiserslautern, Landkreis	44,200	121.10
Germany	Karlsruhe	34,800	95.34
Germany	Kitzingen	31,200	85.48
Germany	Koblenz	35,400	96.99
Germany	Leimen	33,700	92.33
Germany	Ludwigsburg	43,900	120.27
Germany	Mainz	48,100	131.78
Germany	Mannheim	33,700	92.33
Germany	Munich	51,500	141.10
Germany	Nellingen	43,900	120.27
Germany	Neubruecke	35,900	98.36
Germany	Ober Ramstadt	36,100	98.90

Germany	Oberammergau	33,900	92.88
Germany	Pfullendorf	35,400	96.99
Germany	Pirmasens	44,200	121.10
Germany	Rheinau	33,700	92.33
Germany	Schwetzingen	33,700	92.33
Germany	Seckenheim	33,700	92.33
Germany	Sembach	44,200	121.10
Germany	Stuttgart	43,900	120.27
Germany	Vilseck	36,400	99.73
Germany	Wahn	42,000	115.07
Germany	Wertheim	31,200	85.48
Germany	Wiesbaden	48,100	131.78
Germany	Wuerzburg	31,200	85.48
Germany	Zweibrueken	44,200	121.10
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, Grafenwoehr, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf,	35,400	96.99

	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	36,100	98.90
Greece	Elefsis	36,100	98.90
Greece	Ellinikon	36,100	98.90
Greece	Mt. Parnis	36,100	98.90
Greece	Mt. Pateras	36,100	98.90
Greece	Nea Makri	36,100	98.90
Greece	Piraeus	36,100	98.90
Greece	Tanagra	36,100	98.90
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	49,000	134.25
Hungary	Budapest	32,500	89.04
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	42,600	116.71
Ireland	Shannon Area	33,700	92.33
Israel	Beer Sheva	56,200	153.97
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	73,200	200.55
Italy	Naples	49,100	134.52
Italy	Parma	37,200	101.92
Italy	Pordenone-Aviano	38,100	104.38
Italy	Rome	49,000	134.25
Italy	Turin	36,600	100.27
Italy	Vicenza	39,900	109.32
Jamaica	Kingston	41,200	112.88
Japan	Atsugi	39,700	108.77
Japan	Camp Zama	39,700	108.77

Japan	Chiba-Ken	39,700	108.77
Japan	Fussa	39,700	108.77
Japan	Gifu	74,300	203.56
Japan	Haneda	39,700	108.77
Japan	Iwakuni	31,400	86.03
Japan	Kanagawa-Ken	39,700	108.77
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	39,700	108.77
Japan	Misawa	31,700	86.85
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	56,000	153.42
Japan	Osaka-Kobe	90,664	248.39
Japan	Sagamihara	39,700	108.77
Japan	Saitama-Ken	39,700	108.77
Japan	Sasebo	32,200	88.22
Japan	Tachikawa	39,700	108.77
Japan	Tokyo	89,000	243.84
Japan	Tokyo-to	39,700	108.77
Japan	Yokohama	47,400	129.86
Japan	Yokosuka	46,100	126.30
Japan	Yokota	37,400	102.47
Jerusalem	Jerusalem	49,000	134.25

Jerusalem	West Bank	49,000	134.25
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Carroll	31,600	86.58
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market	59,300	162.47
Korea	Camp Mercer	54,200	148.49
Korea	K-16	59,300	162.47
Korea	Kimhae	31,700	86.85
Korea	Kimpo Airfield	59,300	162.47
Korea	Munsan	33,900	92.88
Korea	Osan AB	39,200	107.40
Korea	Pohang	31,900	87.40
Korea	Pusan	31,700	86.85
Korea	Pyongtaek	42,200	115.62
Korea	Seoul	59,300	162.47
Korea	Suwon	59,300	162.47
Korea	Taegu	36,000	98.63
Korea	Tongduchon	35,200	96.44
Korea	Uijongbu	32,700	89.59
Korea	Waegwan	31,600	86.58
Korea	All cities other than Ammo Depot #9, Camp Carroll, Camp Colbern, Camp Market, Camp Mercer, Changwon, Chinhae, Chunchon,	31,900	87.40

	K-16, Kimhae, Kimpo Airfield, Kunsun, Kwangju, Munsan, Osan AB, Pusan, Pyongyang, Seoul, Suwon, Taegu, Tongduchon, Uijongbu, and Waegwan		
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	40,100	109.86
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	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	35,900	98.36

Netherlands	Eygelshoven	35,900	98.36
Netherlands	Hague, The	58,400	160.00
Netherlands	Heerlen	35,900	98.36
Netherlands	Hoensbroek	35,900	98.36
Netherlands	Hulsberg	35,900	98.36
Netherlands	Kerkrade	35,900	98.36
Netherlands	Landgraaf	35,900	98.36
Netherlands	Maastricht	35,900	98.36
Netherlands	Papendrecht	35,200	96.44
Netherlands	Rotterdam	35,200	96.44
Netherlands	Schaesburg	35,900	98.36
Netherlands	Schinnen	35,900	98.36
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	58,400	160.00
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.	34,700	95.07
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	36,100	98.90
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Philippines	Cavite	33,500	91.78
Philippines	Manila	37,380	102.41
Portugal	Alverca	44,800	122.74
Portugal	Lisbon	44,800	122.74
Qatar	Doha	45,888	125.72
Qatar	All cities other than Doha	32,400	88.77
Romania	Bucharest	41,200	112.88
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	80,500	220.55
Slovenia	Ljubljana	51,400	140.82
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	59,700	163.56
Spain	Rota	36,500	100.00
Spain	Valencia	34,300	93.97
Suriname	Paramaribo	33,000	90.41
Switzerland	Bern	65,600	179.73
Switzerland	Geneva	93,300	255.62
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	33,100	90.68
United Kingdom	Brookwood	37,200	101.92
United Kingdom	Cambridge	36,100	98.90
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	43,900	120.27
United Kingdom	Croughton	38,000	104.11
United Kingdom	Fairford	35,900	98.36
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	34,800	95.34
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	39,200	107.40
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Huntingdon	37,200	101.92
United Kingdom	Kemble	35,900	98.36
United Kingdom	Lakenheath	47,900	131.23
United Kingdom	Liverpool	32,600	89.32
United Kingdom	London	72,600	198.90
United Kingdom	Loudwater	57,200	156.71
United Kingdom	Menwith Hill	39,200	107.40
United Kingdom	Mildenhall	47,900	131.23



United Kingdom	Oxfordshire	36,400	99.73
United Kingdom	Plymouth	36,400	99.73
United Kingdom	Portsmouth	36,400	99.73
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	37,400	102.47
United Kingdom	Samlesbury	37,200	101.92
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	37,300	102.19
United Kingdom	Wiltshire	34,700	95.07
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, 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.	37,200	101.92
Venezuela	Caracas	57,000	156.16
Vietnam	Hanoi	46,800	128.22

Vietnam	Ho Chi Minh City	42,000	115.07
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#### SECTION 4. OPTION TO APPLY 2018 ADJUSTED LIMITATIONS TO 2017

##### 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 2017” in Notice 2017-21. A qualified individual incurring housing expenses in such a location during 2017 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2017 in lieu of the amounts provided in the “Table of Adjusted Limitations for 2017” in Notice 2017-21 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2017).

The Treasury Department and the IRS anticipate that future annual notices providing adjustments to housing expense limitations will make a similar option available to qualified individuals that incur housing expenses in the immediately preceding year. For example, when adjusted housing expense limitations for 2019 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2018 taxable year.

##### SECTION 5. Filing Prior Year or Amended Tax Returns

Notice 2011–8, 2011-8 I.R.B. 503; Notice 2012–19, 2012-10 I.R.B. 440; Notice 2013–31, 2013-21 I.R.B. 1099; Notice 2014-29, 2014-18 I.R.B. 991; Notice 2015-33, 2015-18 I.R.B. 934; Notice 2016-21, 2016-12 I.R.B. 465; and Notice 2017-21, 2017-13

I.R.B. 1026 are relisted to assist those individuals who are filing prior year or amended tax returns.

## SECTION 6. EFFECT ON OTHER DOCUMENTS

This notice revokes Notice 2018-33, 2018-17 I.R.B. 508. This notice also supersedes Notice 2006-87, 2006-43 I.R.B. 766; Notice 2007-25, 2007-12 I.R.B. 760; Notice 2007-77, 2007-40 I.R.B. 735; Notice 2008-107, 2008-50 I.R.B. 1265; Notice 2010-27, 2010-15 I.R.B. 531; Notice 2011-8, 2011-8 I.R.B. 503; Notice 2012-19, 2012-10 I.R.B. 440; Notice 2013-31, 2013-21 I.R.B. 1099; Notice 2014-29, 2014-18 I.R.B. 991; Notice 2015-33, 2015-18 I.R.B. 934; Notice 2016-21, 2016-12 I.R.B. 465; and Notice 2017-21, 2017-13 I.R.B. 1026.

## SECTION 7. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2018. However, as provided in Section 4, a taxpayer may apply the 2018 adjusted housing limitations contained in Section 3 of this notice to his or her taxable year beginning in 2017.

## SECTION 8. 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. Hwa on (202) 317-5001 (not a toll-free call).