

## Part III - Administrative, Procedural, and Miscellaneous

### Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2021

Notice 2021-18

#### 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 2021. These adjustments are based on geographic differences in housing costs relative to housing costs in the United States.

#### SECTION 2. BACKGROUND

Section 911 allows a qualified individual to elect to exclude from gross income the foreign earned income and to exclude or deduct the 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 § 911(c)(1). For this purpose, the base housing amount for the taxable year is limited to an amount that is tied to the maximum foreign earned income exclusion amount, which is \$108,700 for 2021. See § 911(c)(1)(B) and (d)(1). Specifically, the base housing amount is 16 percent of the

maximum foreign earned income exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. Assuming that the entire taxable year of a qualified individual is within the applicable period, the base housing amount for 2021 is \$17,392 ( $\$108,700 \times .16$ ).

Similarly, the housing expense amount is also limited, based on a percentage of the maximum foreign earned income exclusion amount. Specifically, the limit on such housing expenses generally equals 30 percent of the maximum foreign earned income exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period for which the taxpayer is a qualified individual. See § 911(c)(2)(A) and (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 \$32,610 ( $\$108,700 \times .30$ ) for 2021. However, 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.

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 HOUSING LIMITATIONS FOR 2021

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$32,610) for 2021.

<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	Canberra	38,400	105.21
Australia	Perth	33,800	92.60
Australia	Sydney	74,000	202.74
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
Barbados	Bridgetown	37,700	103.29
Belgium	Brussels	44,500	121.92
Belgium	Gosselies	39,700	108.77
Belgium	Mons	39,700	108.77
Belgium	SHAPE/Chièvres	39,700	108.77
Bermuda	Bermuda	90,000	246.58
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	39,700	108.77

Canada	Montreal	54,200	148.49
Canada	Ottawa	45,800	125.48
Canada	Quebec	35,700	97.81
Canada	Toronto	56,600	155.07
Canada	Vancouver	49,300	135.07
Canada	Victoria	40,800	111.78
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	35,900	98.36
China	Beijing	74,400	203.84
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	37,800	103.56
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
Estonia	Tallinn	46,600	127.67
France	Garches	76,300	209.04
France	Lyon	42,200	115.62
France	Marseille	41,200	112.88
France	Montpellier	34,000	93.15

France	Paris	76,300	209.04
France	Sevres	76,300	209.04
France	Suresnes	76,300	209.04
France	Versailles	76,300	209.04
Germany	Babenhausen	37,400	102.47
Germany	Baumholder	37,200	101.92
Germany	Berlin	45,700	125.21
Germany	Birkenfeld	37,200	101.92
Germany	Boeblingen	44,400	121.64
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Darmstadt	37,400	102.47
Germany	Frankfurt am Main	39,000	106.85
Germany	Garmisch-Partenkirchen	35,100	96.16
Germany	Gelnhausen	47,200	129.32
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	37,800	103.56
Germany	Hanau	47,200	129.32
Germany	Heidelberg	34,900	95.62
Germany	Idar-Oberstein	37,200	101.92
Germany	Ingolstadt	53,500	146.58
Germany	Kaiserslautern, Landkreis	46,400	127.12
Germany	Karlsruhe	36,100	98.90

Germany	Koblenz	36,800	100.82
Germany	Leimen	34,900	95.62
Germany	Ludwigsburg	44,400	121.64
Germany	Mainz	51,100	140.00
Germany	Mannheim	34,900	95.62
Germany	Munich	53,500	146.58
Germany	Nellingen	44,400	121.64
Germany	Neubruecke	37,200	101.92
Germany	Ober Ramstadt	37,400	102.47
Germany	Oberammergau	35,100	96.16
Germany	Pfullendorf	36,800	100.82
Germany	Pirmasens	46,400	127.12
Germany	Rheinau	34,900	95.62
Germany	Schwetzingen	34,900	95.62
Germany	Seckenheim	34,900	95.62
Germany	Sembach	46,400	127.12
Germany	Stuttgart	44,400	121.64
Germany	Vilseck	37,800	103.56
Germany	Wahn	42,000	115.07
Germany	Wiesbaden	51,100	140.00
Germany	Zweibruecken	46,400	127.12
Germany	All cities other than Augsburg, Babenhausen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtesgaden,	36,800	100.82

	Berlin, Birkenfeld, Boeblingen, Bonn, Bremen, Bremerhaven, Butzbach, Cologne, Darmstadt, Delmenhorst, Duesseldorf, Erlangen, Flensburg, Frankfurt am Main, Friedberg, Fuerth, Garlstedt, Garmisch-Partenkirchen, Geilenkirchen, Gelnhausen, Gernersheim, 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, Pfullendorf, 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	37,400	102.47
Greece	Elefsis	37,400	102.47
Greece	Ellinikon	37,400	102.47
Greece	Mt. Parnis	37,400	102.47
Greece	Mt. Pateras	37,400	102.47
Greece	Nea Makri	37,400	102.47

Greece	Piraeus	37,400	102.47
Greece	Tanagra	37,400	102.47
Guatemala	Guatemala City	42,000	115.07
Guinea	Conakry	51,300	140.55
Guyana	Georgetown	35,000	95.89
Holy See, The	Holy See, The	50,800	139.18
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	44,200	121.10
Ireland	Shannon Area	35,300	96.71
Israel	Beer Sheva	61,300	167.95
Israel	Jerusalem	49,000	134.25
Israel	Tel Aviv	50,800	139.18
Israel	West Bank	49,000	134.25
Italy	Aviano	40,500	110.96
Italy	Genoa	41,800	114.52
Italy	La Spezia	40,400	110.68
Italy	Milan	75,900	207.95
Italy	Naples	52,100	142.74
Italy	Parma	38,600	105.75
Italy	Rome	50,800	139.18
Italy	Turin	38,000	104.11



Italy	Vicenza	42,400	116.16
Jamaica	Kingston	41,200	112.88
Japan	Atsugi	43,200	118.36
Japan	Camp Zama	43,200	118.36
Japan	Chiba-Ken	43,200	118.36
Japan	Fussa	43,200	118.36
Japan	Gifu	74,300	203.56
Japan	Haneda	43,200	118.36
Japan	Iwakuni	35,100	96.16
Japan	Kanagawa-Ken	43,200	118.36
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	43,200	118.36
Japan	Misawa	34,500	94.52
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	59,800	163.84
Japan	Osaka-Kobe	90,664	248.39
Japan	Sagamihara	43,200	118.36
Japan	Saitama-Ken	43,200	118.36
Japan	Sasebo	35,400	96.99
Japan	Tachikawa	43,200	118.36
Japan	Tokyo	99,700	273.15
Japan	Tokyo-to	43,200	118.36
Japan	Yokohama	53,100	145.48

Japan	Yokosuka	56,900	155.89
Japan	Yokota	40,700	111.51
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market	59,000	161.64
Korea	Camp Mercer	54,200	148.49
Korea	K-16	59,000	161.64
Korea	Kimpo Airfield	59,000	161.64
Korea	Munsan	34,000	93.15
Korea	Osan AB	39,400	107.95
Korea	Pyongtaek	42,300	115.89
Korea	Seoul	59,000	161.64
Korea	Suwon	59,000	161.64
Korea	Taegu	36,000	98.63
Korea	Tongduchon	35,200	96.44
Korea	Uijongbu	32,800	89.86
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	41,700	114.25
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
Netherlands	Amsterdam	52,900	144.93
Netherlands	Aruba	39,100	107.12
Netherlands	Brunssum	38,000	104.11
Netherlands	Eygelshoven	38,000	104.11
Netherlands	Hague, The	60,600	166.03
Netherlands	Heerlen	38,000	104.11
Netherlands	Hoensbroek	38,000	104.11
Netherlands	Hulsberg	38,000	104.11
Netherlands	Kerkrade	38,000	104.11
Netherlands	Landgraaf	38,000	104.11
Netherlands	Maastricht	38,000	104.11
Netherlands	Papendrecht	36,500	100.00
Netherlands	Rotterdam	36,500	100.00
Netherlands	Schaesburg	38,000	104.11

Netherlands	Schinnen	38,000	104.11
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	60,600	166.03
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.	36,000	98.63
Netherlands Antilles	Curacao	45,800	125.48
New Zealand	Auckland	35,700	97.81
New Zealand	Wellington	33,800	92.60
Nigeria	Abuja	36,000	98.63
Norway	Oslo	34,100	93.42
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Philippines	Cavite	41,400	113.42
Philippines	Manila	41,400	113.42
Poland	Warsaw	40,900	112.05
Portugal	Alverca	46,500	127.40
Portugal	Lisbon	46,500	127.40
Qatar	Doha	45,888	125.72
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
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	84,100	230.41
Slovenia	Ljubljana	53,300	146.03
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	62,000	169.86
Spain	Rota	37,800	103.56
Spain	Valencia	35,600	97.53
Suriname	Paramaribo	33,000	90.41
Switzerland	Bern	72,900	199.73
Switzerland	Geneva	103,800	284.38
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
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	33,200	90.96
United Kingdom	Brookwood	37,300	102.19
United Kingdom	Cambridge	36,200	99.18
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	44,000	120.55
United Kingdom	Croughton	38,100	104.38
United Kingdom	Fairford	35,900	98.36
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	34,900	95.62
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	39,100	107.12
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Huntingdon	37,300	102.19
United Kingdom	Kemble	35,900	98.36
United Kingdom	Lakenheath	48,700	133.42
United Kingdom	Liverpool	32,700	89.59
United Kingdom	London	72,300	198.08
United Kingdom	Loudwater	57,400	157.26

United Kingdom	Menwith Hill	39,100	107.12
United Kingdom	Mildenhall	48,700	133.42
United Kingdom	Oxfordshire	36,600	100.27
United Kingdom	Plymouth	36,600	100.27
United Kingdom	Portsmouth	36,600	100.27
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	37,500	102.74
United Kingdom	Samlesbury	37,300	102.19
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	37,400	102.47
United Kingdom	Wiltshire	35,300	96.71
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.	37,300	102.19

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

**SECTION 4. OPTION TO APPLY 2021 ADJUSTED HOUSING LIMITATIONS TO 2020 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 2020” in Notice 2020-13. A qualified individual incurring housing expenses in such a location during 2020 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2021 in lieu of the amounts provided in the "Table of Adjusted Limitations for 2020" in Notice 2020-13 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2020).

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 2022 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2021 taxable year.

**SECTION 5. EFFECT ON OTHER DOCUMENTS**

This notice supersedes Notice 2020-13, 2020-11 I.R.B. 502.

**SECTION 6. EFFECTIVE DATE**



This notice is effective for taxable years beginning on or after January 1, 2021. However, as provided in Section 4, taxpayers may apply the 2021 adjusted housing limitations contained in Section 3 of this notice to their taxable year beginning in 2020.

#### SECTION 7. 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 at (202) 317-5001 (not a toll-free call).