

## Part III - Administrative, Procedural, and Miscellaneous

### Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2025

Notice 2025-16

#### 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 2025. 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 of the qualified individual, which is

\$130,000 for 2025. See § 911(c)(1)(B). 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 2025 is \$20,800 ( $\$130,000 \times .16$ ).

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 \$39,000 ( $\$130,000 \times .30$ ) for 2025. 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 2025

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$39,000) for 2025. All amounts are in U.S. dollars.

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily/365 days)
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Aruba	Oranjestad	46,200	126.58
Aruba	Other	46,200	126.58
Australia	Sydney	62,300	170.68
Australia	Wollongong	43,700	119.73
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Bermuda	Bermuda	90,000	246.58
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	43,400	118.90
Canada	Montreal	50,100	137.26
Canada	Ottawa	46,800	128.22
Canada	Toronto	57,400	157.26
Canada	Vancouver	56,600	155.07
Canada	Victoria	39,200	107.40
Cayman Islands	Grand Cayman	48,000	131.51
China	Beijing	66,600	182.47
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
Democratic Republic of the Congo	Kinshasa	42,000	115.07
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Estonia	Tallinn	46,600	127.67
France	Garches	65,700	180.00
France	Paris	65,700	180.00

France	Sevres	65,700	180.00
--------	--------	--------	--------

France	Suresnes	65,700	180.00
France	Versailles	65,700	180.00
Germany	Berlin	39,300	107.67
Germany	Boeblingen	41,200	112.88
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Gelnhausen	40,600	111.23
Germany	Hanau	40,600	111.23
Germany	Ingolstadt	46,000	126.03
Germany	Kaiserslautern, Landkreis	39,500	108.22
Germany	Ludwigsburg	41,200	112.88
Germany	Mainz	44,000	120.55
Germany	Munich	46,000	126.03
Germany	Nellingen	41,200	112.88
Germany	Pirmasens	39,500	108.22
Germany	Sembach	39,500	108.22
Germany	Stuttgart	41,200	112.88
Germany	Wahn	42,000	115.07
Germany	Wiesbaden	44,000	120.55
Germany	Zweibrucken	39,500	108.22
Guatemala	Guatemala City	42,000	115.07
Guinea	Conakry	51,300	140.55
Holy See, The	Holy See, The	43,700	119.73
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Israel	Beer Sheva	55,300	151.51
Israel	Jerusalem	49,000	134.25
Israel	Tel Aviv	50,800	139.18
Israel	West Bank	49,000	134.25
Italy	Genoa	41,800	114.52
Italy	La Spezia	40,400	110.68
Italy	Milan	65,300	178.90
Italy	Naples	44,900	123.01
Italy	Rome	43,700	119.73
Jamaica	Kingston	41,200	112.88

Japan	Gifu	74,300	203.56
Japan	Komaki	74,300	203.56

Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	41,600	113.97
Japan	Osaka-Kobe	90,664	248.39
Japan	Tokyo	67,700	185.48
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Colbern	54,200	148.49
Korea	Camp Mercer	54,200	148.49
Korea	K-16	44,500	121.92
Korea	Kimpo Airfield	44,500	121.92
Korea	Seoul	44,500	121.92
Korea	Suwon	44,500	121.92
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	51,700	141.64
Malaysia	Kuala Lumpur	46,200	126.58
Malta	Malta	55,100	150.96
Mexico	Mexico City	47,900	131.23
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Mexico City, Monterrey, Nogales, Nuevo Laredo, Tijuana, and Veracruz	39,400	107.95
Mozambique	Maputo	39,500	108.22
Netherlands	Amsterdam	52,900	144.93
Netherlands	Hague, The	52,100	142.74
Netherlands	Schiphol	52,900	144.93
Netherlands Antilles	Curacao	45,800	125.48
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Poland	Warsaw	55,000	150.68
Portugal	Alverca	40,000	109.59
Portugal	Lisbon	40,000	109.59
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
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	82,900	227.12
Slovenia	Ljubljana	45,900	125.75
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	53,300	146.03
Switzerland	Bern	72,100	197.53
Switzerland	Geneva	102,600	281.10
Switzerland	Zurich	39,219	107.45
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	Caversham	73,800	202.19
United Kingdom	Cheltenham	47,300	129.59
United Kingdom	Croughton	43,100	118.08
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	42,300	115.89
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Lakenheath	43,300	118.63
United Kingdom	London	67,000	183.56
United Kingdom	Loudwater	54,300	148.77
United Kingdom	Menwith Hill	42,300	115.89
United Kingdom	Mildenhall	43,300	118.63
United Kingdom	Reading	62,100	170.14
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
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 2025 ADJUSTED HOUSING LIMITATIONS TO 2024 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 2024” in Notice 2024-31, 2024-15 I.R.B. 869. A qualified individual incurring housing expenses in such a location during 2024 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2025 (prorated over 366 days rather than 365) in lieu of the amounts provided in the “Table of Adjusted Limitations for 2024” in Notice 2024-31 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2024).

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 2026 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2025 taxable year.

#### SECTION 5. EFFECT ON OTHER DOCUMENTS

This notice supersedes Notice 2024-31, 2024-15 I.R.B. 869.

#### SECTION 6. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2025.



However, as provided in Section 4, taxpayers may apply the 2025 adjusted housing limitations contained in Section 3 of this notice to the taxable year beginning in 2024.

#### 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 Ms. Hwa at (202) 317-5001 (not a toll-free call).