

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2018-17
April 23, 2018

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

Employee Plans

Notice 2018-24, page 507.

This notice requests comments on the potential expansion of the scope of the determination letter program for individually designed plans during the 2019 calendar year, beyond provision of determination letters for initial qualification and qualification upon plan termination.

list of waiver countries for tax year 2016 for which the minimum time requirements are waived. No country is added to the list of waiver countries for tax year 2017. Generally, U.S. citizens or resident aliens living and working abroad are taxed on their worldwide income. However, if their tax home is in a foreign country and they meet either the bona fide residence test or the physical presence test, they can choose to exclude from their income a limited amount of their foreign earned income (\$101,300 for 2016). Both the bona fide residence test and the physical presence test contain minimum time requirements.

Income Tax

Notice 2018-32, page 507.

This notice publishes the reference price under § 45K(d)(2)(C) of the Internal Revenue Code for calendar year 2017. The reference price applies in determining the amount of the enhanced oil recovery credit under § 43, the marginal well production credit under § 45I, and the percentage depletion in case of oil produced from marginal properties under § 613A.

Notice 2018-33, page 508.

Attached is Notice 2018-33, which provides for adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States. Further, if the limitation on housing expenses is higher for taxable year 2018 than the adjusted limitations on housing expenses provided in Notice 2017-21, qualified taxpayers may apply the adjusted limitations for taxable year 2018 to their 2017 taxable year.

Rev. Proc. 2018-23, page 516.

Attached is Revenue Procedure 2018-23, which provides a waiver for the time requirements for individuals electing to exclude their foreign earned income who must leave a foreign country because of war, civil unrest, or similar adverse conditions in that country. Rev. Proc. 2018-23 adds Turkey to the

Finding Lists begin on page ii.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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Part III. Administrative, Procedural, and Miscellaneous

REQUEST FOR COMMENTS ON SCOPE OF DETERMINATION LETTER PROGRAM FOR INDIVIDUALLY DESIGNED PLANS DURING CALENDAR YEAR 2019

Notice 2018–24

PURPOSE

This notice requests comments on the potential expansion of the scope of the determination letter program for individually designed plans during the 2019 calendar year, beyond provision of determination letters for initial qualification and qualification upon plan termination. In reviewing comments submitted in response to this notice, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) will consider the factors regarding the scope of the determination letter program set forth in section 4.03(3) of Revenue Procedure 2016–37, 2016–29 I.R.B. 136. The Treasury Department and the IRS will issue guidance if they identify any additional types of plans for which plan sponsors may request determination letters during the 2019 calendar year.

BACKGROUND

Revenue Procedure 2016–37 sets forth procedures for issuing determination letters and describes an extension of the remedial amendment period for individually designed plans. Effective January 1, 2017, the sponsor of an individually designed plan may submit a determination letter application only for initial plan qualification, for qualification upon plan termination, and in certain other limited circumstances identified in subsequent published guidance. Section 4.03(3) of Rev. Proc. 2016–37 provides that the Treasury Department and the IRS will consider each year whether to accept determination letter applications for individually designed plans in specified circumstances other than for initial qualification and qualification upon plan termination.

REQUEST FOR COMMENTS

Comments are requested on specific types of plans for which the Treasury Department and the IRS should consider accepting determination letter applications during calendar year 2019 in circumstances other than for initial qualification and qualification upon plan termination. As provided in section 4.03(3) of Rev. Proc. 2016–37, circumstances for consideration include, for example, significant law changes, new approaches to plan design, and the inability of certain types of plans to convert to pre-approved plan documents. Comments that suggest expanding the scope of the program for a particular type of plan should not merely state the type of plan, but should also specify the issues applicable to that type of plan that would justify review of that particular plan type under the determination letter program. Such issues may include specific plan features and special plan designs applicable to that type of plan, or unresolved questions of qualification in form with respect to that type of plan.

Comments may be submitted in writing on or before June 4, 2018. Comments should be mailed to Internal Revenue Service, CC:PA:LPD:PR (Notice 2018–24), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044, or sent electronically to notice.comments@irs.counsel.treas.gov. Please include “Notice 2018–24” in the subject line of any electronic communications. Alternatively, comments may be hand delivered Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. to CC:PA:LPD:PR (Notice 2018–24), Courier’s Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, D.C. 20224. All comments will be available for public inspection and copying.

DRAFTING INFORMATION

The principal author of this notice is Angelique Carrington of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Ms.

Carrington at (202) 317-4148 (not a toll-free number).

2017 Section 45K(d)(2)(C) Reference Price

Notice 2018–32

SECTION 1. PURPOSE

This notice publishes the reference price under § 45K(d)(2)(C) of the Internal Revenue Code for calendar year 2017. The credit period for the nonconventional source production credit under § 45K ended on December 31, 2013, for facilities producing coke or coke gas (other than from petroleum based products). However, the reference price continues to apply in determining the amount of the enhanced oil recovery credit under § 43, the marginal well production credit for qualified crude oil production under § 45I, and the percentage depletion in case of oil and natural gas produced from marginal properties under § 613A.

SECTION 2. BACKGROUND

Section 45K(d)(2)(C) provides that the term “reference price” means, with respect to a calendar year, the Secretary’s estimate of the annual average wellhead price per barrel for all domestic crude oil the price of which is not subject to regulation by the United States.

Section 43(a) provides that, for purposes of § 38, the enhanced oil recovery credit for any taxable year is an amount equal to 15 percent of the taxpayer’s qualified enhanced oil recovery costs for such taxable year.

Section 43(b)(1) provides that the amount of enhanced oil recovery credit for any taxable year shall be reduced by an amount which bears the same ratio to the amount of such credit (determined without regard to this paragraph) as - (A) the amount by which the reference price for the calendar year preceding the calendar year in which the taxable year begins exceeds \$28, bears to (B) \$6. Section 43(b)(2) provides that the term “reference price” means, with respect to any calendar

year, the reference price determined for such calendar year under § 45K(d)(2)(C).

Section 45I(a) provides that, for purposes of § 38, the marginal well production credit for any taxable year is an amount equal to the product of the credit amount and the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

Section 45I(b)(1) provides that for crude oil, the amount of the marginal well production credit is \$3 per barrel of qualified crude oil production.

Section 45I(b)(2) provides that the \$3 amount under § 45I(b)(1) shall each be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as – (i) the excess (if any) of the applicable reference price over \$15, bears to (ii) \$3. The applicable reference price for a taxable year is the reference price of the calendar year preceding the calendar year in which the taxable year begins.

Section 45I(c) provides that the term reference price means, with respect to any calendar year – (i) in the case of qualified crude oil production, the reference price determined under § 45K(d)(2)(C).

Section 613A(c)(6)(A) provides, in general, the allowance for depletion under § 611 shall be computed in accordance with § 613 with respect to - (i) so much of the taxpayer's average daily marginal production of domestic crude oil as does not exceed the taxpayer's depletable oil quantity (determined without regard to paragraph (3)(A)(ii)), and (ii) so much of the taxpayer's average daily marginal production of domestic natural gas as does not exceed the taxpayer's depletable natural gas quantity (determined without regard to paragraph (3)(A)(ii)), and the applicable percentage shall be deemed to be specified in subsection (b) of § 613 for purposes of subsection (a) of that section.

Section 613A(c)(6)(C) provides that the term "applicable percentage" means the percentage (not greater than 25 percent) equal to the sum of - (i) 15 percent, plus (ii) 1 percentage point for each whole dollar by which \$20 exceeds the reference

price for crude oil for the calendar year preceding the calendar year in which the taxable year begins. For purposes of this paragraph, the term "reference price" means, with respect to any calendar year, the reference price determined for such calendar year under § 45K(d)(2)(C).

SECTION 3. REFERENCE PRICE

The reference price under § 45K(d)(2)(C) for calendar year 2017 is \$48.05.

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is Martha M. Garcia of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, contact Ms. Garcia on (202) 317-6853 (not a toll-free number).

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

Notice 2018-33

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 \$31,230 ($\$104,100 \times .30$) 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 \$16,656 ($\$104,100 \times .16$). 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 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 LIMITATIONS FOR 2018

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$31,230) for 2018.

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	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

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
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	98.90
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	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	Neubruেকে	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	Wiesbaden	48,100	131.78
Germany	Zweibruecken	44,200	121.10

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Germany	All cities other than Augsburg, Babenhau- sen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtes- gaden, Berlin, Birkenfeld, Boeblingen, Bonn, Bremen, Bremerhaven, Butz- bach, Cologne, Darmstadt, Delmen- horst, Duesseldorf, Erlangen, Flensburg, Frankfurt am Main, Friedberg, Fuerth, Garlstadt, Garmisch-Partenkirchen, Gei- lenkirchen, Gelnhausen, Germersheim, Giebelstadt, Grafenwoehr, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Hei- lbronn, Herongen, Idar-Oberstein, In- golstadt, Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig, Ludwigs- burg, Mainz, Mannheim, Mayen, Moenchen-Gladbach, Muenster, Mu- nich, Nellingen, Neubruecke, Noer- venich, Nuernberg, Ober Ramstadt, Oberammergau, Osterholz-Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Secken- heim, Sembach, Stuttgart, Twisteden, Vilseck, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf and Zweibrueken	35,400	96.99
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	Beer Sheva	56,200	153.97
Ireland	Dublin	42,600	116.71
Ireland	Shannon Area	33,700	92.33
Israel	Tel Aviv	50,800	139.18
Italy	Genoa	41,800	114.52
Italy	La Spezia	40,400	110.68
Italy	Milan	73,200	200.55

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
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

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
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, K-16, Kimhae, Kimpo Airfield, Kunsun, Kwangju, Munsan, Osan AB, Pusan, Pyongtaek, Seoul, Suwon, Taegu, Tongduchon, Uijongbu, and Waegwan	31,900	87.40
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

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelshoven, The Hague, Heerlen, Hoensbroek, Hulst, 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	Al Udeid (in All Cities)	32,400	88.77
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

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
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

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
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

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; No-

tice 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 related to assist those individuals who are filing prior year or amended tax returns.

SECTION 6. EFFECT ON OTHER DOCUMENTS

This notice 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) 317-6934 (not a toll-free number).

26 CFR § 1.911–2: Qualified individuals.
(Also: Part I, §§ 911; 1.911–2.)

Rev. Proc. 2018–23

SECTION 1. PURPOSE

.01 This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements.

.02 The Internal Revenue Service previously has listed countries for which the eligibility requirements of section 911(d)(1) of the Code are waived under section 911(d)(4) because of adverse conditions in those countries. See Rev. Proc. 2017–26, 2017–13, I.R.B. 1036.

SECTION 2. BACKGROUND

.01 Sections 911(a) of the Code allows a “qualified individual,” as defined in section 911(d)(1), to exclude from gross income the individual’s foreign earned income and the housing cost amount.

.02 Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or

resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 Section 911(d)(4) of the Code provides an exception to the eligibility requirements of section 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the nor-

mal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

SECTION 3. APPLICATION

.01 For 2016, in addition to the determination with respect to South Sudan described in Rev. Proc. 2017–26, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following country beginning on the specified date:

<i>Country</i>	<i>Date of Departure On or After</i>
Turkey	October 29, 2016

Accordingly, for purposes of section 911 of the Code, an individual who left Turkey on or after October 29, 2016, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a *bona fide* resident of, Turkey if the individual establishes a reasonable expectation that he or she would have met the requirements of section 911(d) but for those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. Accordingly, individuals who were first physically present or established residency in Turkey after October 29, 2016,

are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for taxable year 2016.

.03 For 2017, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that no country has experienced war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. Therefore, no country is listed in this revenue procedure for section 911 purposes for tax year 2017.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Previously issued revenue procedures under section 911(d)(4) remain in full force and effect. However, Rev. Proc. 2017–26, 2017–13, I.R.B. 1036, is supplemented.

SECTION 5. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should consult the section under the heading **Foreign Earned Income Exclusion** at <https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad>; consult the section under the heading **How to Get Tax Help** at the same web address; or contact a local IRS office.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Kate Y. Hwa on (202) 317-6934 (not a toll free number).

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as “rulings”) that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the sub-

stance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel’s Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.

PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–27 through 2017–52 is in Internal Revenue Bulletin 2017–52, dated December 27, 2017.

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2017–27 through 2017–52 is in Internal Revenue Bulletin 2017–52, dated December 27, 2017.

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The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

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