

Part III - Administrative, Procedural, and Miscellaneous

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2007

Notice 2007-77

SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code (Code) for specific locations for 2007. 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) of the Code allows a qualified individual to elect to exclude from gross income the foreign earned income and housing cost amount of such individual. Section 911(c)(1) defines the term “housing cost amount” as an amount equal to the excess of (A) the housing expenses of an individual for the taxable year to the extent such expenses do not exceed the amount determined under section 911(c)(2), over (B) 16 percent of the exclusion amount (computed on a daily basis) in effect under section 911(b)(2)(D) for the calendar year in which such taxable year begins (\$70.44 per day for 2007, or \$85,700 for the full year), multiplied by the number of days of that taxable year within the applicable period described in section 911(d)(1). The applicable period is the period during which the individual meets the tax home requirement of section 911(d)(1) and either the bona fide residence requirement of section 911(d)(1)(A) or the physical

presence requirement of section 911(d)(1)(B). Assuming that the entire taxable year of a qualified individual is within the applicable period, the section 911(c)(1)(B) amount for 2007 is \$13,712 ($\$85,700 \times .16$).

Section 911(c)(2)(A) of the Code limits the housing expenses taken into account in section 911(c)(1)(A) to an amount equal to (i) 30 percent (adjusted as may be provided under the Secretary's authority under section 911(c)(2)(B)) of the amount in effect under section 911(b)(2)(D) for the calendar year in which the taxable year of the individual begins, multiplied by (ii) the number of days of that taxable year within the applicable period described in section 911(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 \$25,710 ($\$85,700 \times .30$) in 2007.

Section 911(c)(2)(B) of the Code authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) 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 published Notice 2006-87, 2006-43 I.R.B. 766, and Notice 2007-25, 2007-12 I.R.B. 760, to provide adjustments to the limitation on housing expenses for 2006 for qualified individuals incurring housing expenses in countries with high housing costs relative to housing costs in the United States.

SECTION 3. TABLE OF ADJUSTED LIMITATIONS FOR 2007

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$25,710) for 2007.

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Argentina	Buenos Aires	120.27	43,900
Australia	Canberra	70.68	25,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Australia	Melbourne	72.60	26,500
Australia	Perth	109.59	40,000
Austria	Vienna	78.97	28,824
Bahamas, The	Nassau	136.16	49,700
Bahrain	Bahrain	120.55	44,000
Barbados	Barbados	103.29	37,700
Belgium	Antwerp	98.90	36,100
Belgium	Brussels	137.53	50,200
Belgium	Gosselies	98.90	36,100
Belgium	Hoogbuul	98.90	36,100
Belgium	Mons	98.90	36,100
Belgium	SHAPE/Chievres	98.90	36,100
Bermuda	Bermuda	197.26	72,000
Bosnia-Herzegovina	Sarajevo	74.52	27,200
Brazil	Brasilia	101.64	37,100
Brazil	Rio de Janeiro	96.16	35,100
Brazil	Sao Paolo	127.40	46,500
Canada	Calgary	109.04	39,800
Canada	Dartmouth	92.88	33,900
Canada	Edmonton	83.01	30,300
Canada	Halifax	92.88	33,900
Canada	London/Ontario	79.18	28,900
Canada	Montreal	153.97	56,200
Canada	Ottawa	118.90	43,400
Canada	Toronto	126.03	46,000
Canada	Vancouver	122.19	44,600
Canada	Victoria	92.33	33,700
Canada	Winnipeg	80.00	29,200

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Chile	Santiago	96.71	35,300
China	Beijing	134.62	49,137
China	Hong Kong	313.15	114,300
China	Shanghai	156.17.	57,001
Colombia	Bogota	148.22	54,100
Colombia	All cities other than Bogota and Barranquilla	123.01	44,900
Costa Rica	San Jose	71.78	26,200
Dominican Republic	Santo Domingo	110.96	40,500
Ecuador	Guayaquil	84.38	30,800
Ecuador	Quito	83.56	30,500
France	Garches	238.90	87,200
France	Le Havre	105.48	38,500
France	Lyon	149.32	54,500
France	Marseille	139.73	51,000
France	Montpellier	123.84	45,200
France	Paris	238.90	87,200
France	Sevres	238.90	87,200
France	Suresnes	238.90	87,200
France	Versailles	238.90	87,200
Germany	Babenhausen	116.97	42,700
Germany	Bad Aibling	99.73	36,400
Germany	Bad Nauheim	93.42	34,100
Germany	Baumholder	106.58	38,900
Germany	Berlin	143.29	52,300
Germany	Birkenfeld	106.58	38,900
Germany	Boeblingen	127.40	46,500
Germany	Butzbach	91.51	33,400
Germany	Darmstadt	116.99	42,700

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Germany	Erlangen	74.25	27,100
Germany	Frankfurt am Main	122.19	44,600
Germany	Friedberg	93.42	34,100
Germany	Fuerth	74.25	27,100
Germany	Garmisch-Partenkirchen	101.10	36,900
Germany	Geilenkirchen	80.27	29,300
Germany	Gelnhausen	126.58	46,200
Germany	Germersheim	88.77	32,400
Germany	Giebelstadt	101.40	37,000
Germany	Giessen	91.51	33,400
Germany	Grafenwoehr	75.89	27,700
Germany	Hanau	126.58	46,200
Germany	Hannover	87.40	31,900
Germany	Heidelberg	116.71	42,600
Germany	Idar-Oberstein	106.58	38,900
Germany	Ingolstadt	125.75	45,900
Germany	Kaiserslautern, Landkreis	130.41	47,600
Germany	Kitzingen	101.40	37,000
Germany	Leimen	116.71	42,600
Germany	Ludwigsburg	127.40	46,500
Germany	Mainz	143.84	52,500
Germany	Mannheim	116.71	42,600
Germany	Munich	125.75	45,900
Germany	Nellingen	127.40	46,500
Germany	Neubruecke	106.58	38,900
Germany	Nuernberg	74.25	27,100
Germany	Ober Ramstadt	116.99	42,700
Germany	Oberammergau	101.10	36,900

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Germany	Pirmasens	130.41	47,600
Germany	Rheinau	116.71	42,600
Germany	Schwabach	74.25	27,100
Germany	Schwetzingen	116.71	42,600
Germany	Seckenheim	116.71	42,600
Germany	Sembach	130.41	47,600
Germany	Stuttgart	127.40	46,500
Germany	Wertheim	101.40	37,000
Germany	Wiesbaden	143.84	52,500
Germany	Wuerzburg	101.40	37,000
Germany	Zirndorf	74.25	27,100
Germany	Zweibrueken	130.41	47,600
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, Garlstadt, Garmisch-Partenkirchen, Geilenkirchen, Gelnhausen, Germersheim, Giebelstadt, Giessen, Grafenwoehr, Greiffrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Heilbronn, Herongen, Idar-Oberstein, Ingolstadt, Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig,	103.29	37,700

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	Ludwigsburg, Mainz, Mannheim, Moenchengladbach, Muenster, Munich, Nellingen, Neubruecke, Noervenich, Nuernberg, Ober Ramstadt, Oberammergau, Osterholz-Scharmbeck, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim, Sembach, Stuttgart, Twisteden, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf and Zweibruecken.		
Greece	Athens	94.25	34,400
Greece	Argyroupolis	91.23	33,300
Greece	Elefsis	94.25	34,400
Greece	Ellinikon	94.25	34,400
Greece	Mt. Hortiatiss	91.23	33,300
Greece	Mt. Parnis	94.25	34,400
Greece	Mt. Pateras	94.25	34,400
Greece	Nea Makri	94.25	34,400
Greece	Perivolaki	91.23	33,300
Greece	Piraeus	94.25	34,400
Greece	Souda Bay (Crete)	72.88	26,600
Greece	Tanagra	94.25	34,400
Greece	Thessaloniki	91.23	33,300
Guatemala	Guatemala City	103.01	37,600
Holy See, The	Holy See, The	159.18	58,100
Hungary	Budapest	89.04	32,500
India	Mumbai	156.19	57,011
India	New Delhi	73.75	26,920
Indonesia	Jakarta	103.49	37,776

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Ireland	Dublin	80.55	29,400
Ireland	Limerick	80.00	29,200
Ireland	Shannon Area	80.00	29,200
Italy	Catania	78.63	28,700
Italy	Genoa	103.29	37,700
Italy	Gioia Tauro	85.48	31,200
Italy	La Spezia	103.29	37,700
Italy	Leghorn	99.45	36,300
Italy	Milan	237.53	86,700
Italy	Naples	131.23	47,900
Italy	Pisa	99.45	36,300
Italy	Pordenone-Aviano	109.59	40,000
Italy	Rome	159.18	58,100
Italy	Sardinia	81.37	29,700
Italy	Sigonella	78.63	28,700
Italy	Turin	118.63	43,300
Italy	Verona	75.89	27,700
Italy	Vicenza	110.68	40,400
Italy	All cities other than Avellino, Brindisi, Catania, Florence, Gaeta, Genoa, Gioia Tauro, La Spezia, Leghorn, Milan, Mount Vergine, Naples, Nettuno, Pisa, Pordenone-Aviano, Rome, Sardinia, Sigonella, Turin, Verona and Vicenza.	91.23	33,300
Jamaica	Kingston	112.88	41,200
Japan	Akashi	73.70	26,900
Japan	Atsugi	93.15	34,000
Japan	Camp Zama	93.15	34,000

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Japan	Chiba-Ken	93.15	34,000
Japan	Fussa	93.15	34,000
Japan	Gifu	80.00	29,200
Japan	Gotemba	75.07	27,400
Japan	Haneda	93.15	34,000
Japan	Kanagawa-Ken	93.15	34,000
Japan	Komaki	80.00	29,200
Japan	Machida-Shi	93.15	34,000
Japan	Nagoya	103.52	37,786
Japan	Okinawa Prefecture	123.56	45,100
Japan	Osaka-Kobe	145.30	53,036
Japan	Sagamihara	93.15	34,000
Japan	Saitama-Ken	93.15	34,000
Japan	Sasebo	73.70	26,900
Japan	Tachikawa	93.15	34,000
Japan	Tokyo	234.79	85,700
Japan	Tokyo-to	99.73	36,400
Japan	Yokohama	131.23	47,900
Japan	Yokosuka	113.42	41,400
Japan	Yokota	93.15	34,000
Korea	Camp Carroll	77.53	28,300
Korea	Camps Market	179.18	65,400
Korea	Chinhae	83.01	30,300
Korea	Chunchon	76.99	28,100
Korea	Colbern	179.18	65,400
Korea	K-16	179.18	65,400
Korea	Kimhae	86.03	31,400
Korea	Kimpo Airfield	179.18	65,400

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Korea	Kwangju	82.19	30,000
Korea	Mercer	179.18	65,400
Korea	Munsan	75.62	27,600
Korea	Osan AB	93.42	34,100
Korea	Pusan	86.03	31,400
Korea	Pyongtaek	93.42	34,100
Korea	Seoul	179.18	65,400
Korea	Suwon	179.18	65,400
Korea	Taegu	97.53	35,600
Korea	Tongduchon	75.62	27,600
Korea	Uijongbu	106.85	39,000
Korea	Waegwan	77.53	28,300
Korea	All cities other than Ammo Depot #9, Camp Carroll, Camps Market, Changwon, Chinhae, Chunchon, Colbern, K-16, Kimhae, Kimpo Airfield, Kunsun, Kwangju, Mercer, Munsan, Osan AB, Pusan, Pyongtaek, Seoul, Suwon, Taegu, Tongduchon, Uijongbu, and Waegwan.	87.40	31,900
Kuwait	Kuwait City	166.85	60,900
Kuwait	All cities other than Kuwait City	149.59	54,600
Luxembourg	Luxembourg	130.68	47,700
Macedonia	Skopje	96.99	35,400
Malaysia	Kuala Lumpur	131.50	48,000
Malaysia	All cities other than Kuala Lumpur	92.33	33,700
Malta	Malta	108.22	39,500
Mexico	Hermosillo	91.23	33,300
Mexico	Mazatlan	81.92	29,900
Mexico	Mexico City	116.16	42,400

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Mexico	Monterrey	108.49	39,600
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Tapachula, Tijuana, Tuxtla Gutierrez, Veracruz	103.84	37,900
Netherlands	Amsterdam	144.93	52,900
Netherlands	Aruba	98.63	36,000
Netherlands	Brunssum	90.14	32,900
Netherlands	Eygelshoven	90.14	32,900
Netherlands	Hague, The	163.29	59,600
Netherlands	Heerlen	90.14	32,900
Netherlands	Hoensbroek	90.14	32,900
Netherlands	Hulsberg	90.14	32,900
Netherlands	Kerkrade	90.14	32,900
Netherlands	Landgraaf	90.14	32,900
Netherlands	Maastricht	90.14	32,900
Netherlands	Papendrecht	114.52	41,800
Netherlands	Rotterdam	114.52	41,800
Netherlands	Schaesburg	90.14	32,900
Netherlands	Schinnen	90.14	32,900
Netherlands	Schiphol	144.93	52,900
Netherlands	Ypenburg	163.29	59,600
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelshoven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf,	83.29	30,400

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg.		
New Zealand	Auckland	97.81	35,700
New Zealand	Wellington	92.60	33,800
Nicaragua	Managua	87.12	31,800
Norway	Oslo	83.76	30,573
Norway	Stavanger	96.44	35,200
Norway	All cities other than Oslo and Stavanger.	98.08	35,800
Panama	Panama City	88.22	32,200
Peru	Lima	74.79	27,300
Philippines	Cavite	98.63	36,000
Philippines	Manila	98.63	36,000
Poland	Poland	72.33	26,400
Portugal	Alverca	145.48	53,100
Portugal	Lajes Field	71.78	26,200
Portugal	Lisbon	145.48	53,100
Qatar	Doha	95.30	34,786
Russia	Moscow	249.04	90,900
Russia	Saint Petersburg	113.70	41,500
Russia	Sakhalin Island	212.33	77,500
Russia	Vladivostok	212.33	77,500
Russia	Yekaterinburg	129.86	47,400
Rwanda	Kigali	86.30	31,500
Saudi Arabia	Jeddah	84.02	30,667
Saudi Arabia	Riyadh	84.02	30,667
Singapore	Singapore	155.34	56,700
South Africa	Pretoria	110.14	40,200
Spain	Barcelona	108.49	39,600

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Spain	Madrid	107.67	39,300
Spain	Rota	92.60	33,800
Spain	Valencia	111.51	40,700
Switzerland	Bern	139.45	50,900
Switzerland	Geneva	194.25	70,900
Switzerland	Zurich	107.45	39,219
Switzerland	All cities other than Bern, Geneva and Zurich.	90.14	32,900
Taiwan	Taipei	122.42	44,685
Thailand	Bangkok	100.27	36,600
Turkey	Ankara	89.04	32,500
Turkey	Elmadag	89.04	32,500
Turkey	Izmir-Cigli	86.58	31,600
Turkey	Manzarali	89.04	32,500
Turkey	Yamanlar	86.58	31,600
Ukraine	Kiev	89.98	32,844
United Arab Emirates	Abu Dhabi	84.07	30,687
United Arab Emirates	Dubai	116.31	42,452
United Kingdom	Basingstoke	112.60	41,099
United Kingdom	Bath	112.33	41,000
United Kingdom	Bracknell	170.14	62,100
United Kingdom	Bristol	106.03	38,700
United Kingdom	Cambridge	117.81	43,000
United Kingdom	Caversham	202.19	73,800
United Kingdom	Cheltenham	128.22	46,800
United Kingdom	Chicksands	72.60	26,500
United Kingdom	Croughton	105.75	38,600
United Kingdom	Fairford	108.77	39,700
United Kingdom	Farnborough	141.92	51,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
United Kingdom	Felixstowe	123.29	45,000
United Kingdom	Gibraltar	122.24	44,616
United Kingdom	Harrogate	119.18	43,500
United Kingdom	High Wycombe	170.14	62,100
United Kingdom	Kemble	108.77	39,700
United Kingdom	Lakenheath	150.96	55,100
United Kingdom	Liverpool	106.30	38,800
United Kingdom	London	213.15	77,800
United Kingdom	Loudwater	143.84	52,500
United Kingdom	Menwith Hill	119.18	43,500
United Kingdom	Mildenhall	150.96	55,100
United Kingdom	Oxfordshire	105.75	38,600
United Kingdom	Plymouth	105.75	38,600
United Kingdom	Portsmouth	105.75	38,600
United Kingdom	Reading	170.14	62,100
United Kingdom	Rochester	109.32	39,900
United Kingdom	Southampton	121.10	44,200
United Kingdom	Surrey	132.61	48,402
United Kingdom	Waterbeach	120.27	43,900
United Kingdom	West Byfleet	72.33	26,400
United Kingdom	Wiltshire	113.97	41,600
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham Bracknell, Bristol, Brough, Bude, Cambridge, Caversham, Chelmsford, Cheltenham, Chicksands, Croughton, Dunstable, Edinburgh, Edzell, Fairford, Farnborough, Felixstowe, Ft. Halstead, Glenrothes, Greenham Common,	104.93	38,300

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	Harrogate, High Wycombe, Hythe, Kemble, Lakenheath, Liverpool, London, Loudwater, Menwith Hill, Mildenhall, Nottingham, Oxfordshire, Plymouth, Portsmouth, Reading, Rochester, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.		
Venezuela	Caracas	156.16	57,000
Vietnam	Hanoi	128.22	46,800

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2007.

DRAFTING INFORMATION

The principal author of this notice is Paul J. Carlino of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Mr. Carlino at (202) 622-3840 (not a toll free call).