

Part III - Administrative, Procedural, and Miscellaneous

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2008

Notice 2008-107

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 2008. 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 (\$239.34 per day for 2008, or \$87,600 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 2008 is \$14,016 ($\$87,600 \times .16$).

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 \$26,280 ($\$87,600 \times .30$) in 2008.

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, 2006-2 C.B. 766, and Notice 2007-25, 2007-12 I.R.B. 760, for 2006, and Notice 2007-77, 2007-40 I.R.B. 735, for 2007, to provide adjustments to the limitation on housing expenses 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 2008

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$26,280) for 2008.

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Argentina	Buenos Aires	125.96	46,100
Australia	Brisbane	81.42	29,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Australia	Canberra	76.50	28,000
Australia	Gold Coast	81.42	29,800
Australia	Melbourne	78.96	28,900
Australia	Oakey	81.42	29,800
Australia	Perth	118.85	43,500
Australia	Toowoomba	81.42	29,800
Austria	Vienna	96.72	35,400
Bahamas, The	Nassau	135.79	49,700
Bahrain	Bahrain	120.22	44,000
Barbados	Barbados	103.01	37,700
Belgium	Antwerp	116.67	42,700
Belgium	Brussels	157.65	57,700
Belgium	Gosselies	110.11	40,300
Belgium	Hoogbuul	116.67	42,700
Belgium	Mons	110.11	40,300
Belgium	SHAPE/Chievres	110.11	40,300
Bermuda	Bermuda	245.90	90,000
Bosnia-Herzegovina	Sarajevo	89.89	32,900
Brazil	Brasilia	121.31	44,400
Brazil	Rio de Janeiro	95.90	35,100
Brazil	Sao Paulo	127.05	46,500
Canada	Calgary	110.93	40,600
Canada	Dartmouth	95.63	35,000
Canada	Edmonton	100.82	36,900
Canada	Halifax	95.63	35,000
Canada	London, Ontario	81.42	29,800
Canada	Montreal	158.20	57,900
Canada	Ottawa	130.87	47,900
Canada	Toronto	129.78	47,500
Canada	Vancouver	125.68	46,000
Canada	Victoria	95.08	34,800
Canada	Winnipeg	82.51	30,200
Cayman Islands	Grand Cayman	131.15	48,000
Chile	Santiago	124.32	45,500
China	Beijing	134.25	49,137
China	Hong Kong	312.30	114,300
China	Shanghai	155.74	57,001
Colombia	Bogota	147.81	54,100
Colombia	All cities other than Bogota and Barranquilla.	122.68	44,900
Denmark	Copenhagen	119.41	43,704

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Dominican Republic	Santo Domingo	124.32	45,500
Ecuador	Guayaquil	84.15	30,800
Ecuador	Quito	83.33	30,500
Egypt	Cairo	74.43	27,240
Estonia	Tallinn	127.32	46,600
France	Garches	273.50	100,100
France	Le Havre	114.75	42,000
France	Lyon	155.46	56,900
France	Marseille	143.17	52,400
France	Montpellier	126.78	46,400
France	Paris	273.50	100,100
France	Sevres	273.50	100,100
France	Suresnes	273.50	100,100
France	Versailles	273.50	100,100
Germany	Babenhausen	134.15	49,100
Germany	Bad Aibling	114.48	41,900
Germany	Bad Nauheim	107.10	39,200
Germany	Baumholder	121.86	44,600
Germany	Berlin	163.93	60,000
Germany	Birkenfeld	121.86	44,600
Germany	Boeblingen	145.90	53,400
Germany	Butzbach	104.92	38,400
Germany	Darmstadt	134.15	49,100
Germany	Erlangen	84.97	31,100
Germany	Frankfurt am Main	139.89	51,200
Germany	Friedberg	107.10	39,200
Germany	Fuerth	84.97	31,100
Germany	Garmisch-Partenkirchen	115.85	42,400
Germany	Geilenkirchen	92.35	33,800
Germany	Gelnhausen	145.08	53,100
Germany	Germersheim	101.91	37,300
Germany	Giebelstadt	116.39	42,600
Germany	Giessen	104.92	38,400
Germany	Grafenwoehr	114.48	41,900
Germany	Hanau	145.08	53,100
Germany	Hannover	100.00	36,600
Germany	Heidelberg	133.88	49,000
Germany	Idar-Oberstein	121.86	44,600
Germany	Ingolstadt	169.40	62,000
Germany	Kaiserslautern, Landkreis	149.18	54,600
Germany	Kitzingen	116.39	42,600

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Germany	Leimen	133.88	49,000
Germany	Ludwigsburg	145.90	53,400
Germany	Mainz	164.48	60,200
Germany	Mannheim	133.88	49,000
Germany	Munich	169.40	62,000
Germany	Nellingen	145.90	53,400
Germany	Neubruেকে	121.86	44,600
Germany	Nuernberg	84.97	31,100
Germany	Ober Ramstadt	134.15	49,100
Germany	Oberammergau	115.85	42,400
Germany	Pirmasens	149.18	54,600
Germany	Rheinau	133.88	49,000
Germany	Schwabach	84.97	31,100
Germany	Schwetzingen	133.88	49,000
Germany	Seckenheim	133.88	49,000
Germany	Sembach	149.18	54,600
Germany	Stuttgart	145.90	53,400
Germany	Wertheim	116.39	42,600
Germany	Wiesbaden	164.48	60,200
Germany	Wuerzburg	116.39	42,600

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Germany	Zimdorf	84.97	31,100
Germany	Zweibrueken	149.18	54,600
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, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Heilbronn, Herongen, Idar-Oberstein, Ingolstadt,	125.41	45,900

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig, Ludwigsburg, Mainz, Mannheim, Mayen, 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, Zimdorf and Zweibruecken.		
Greece	Argyroupolis	104.64	38,300
Greece	Athens	107.92	39,500
Greece	Elefsis	107.92	39,500
Greece	Ellinikon	107.92	39,500
Greece	Mt. Hortiatas	104.64	38,300
Greece	Mt. Parnis	107.92	39,500
Greece	Mt. Pateras	107.92	39,500
Greece	Nea Makri	107.92	39,500
Greece	Perivolaki	104.64	38,300
Greece	Piraeus	107.92	39,500
Greece	Souda Bay (Crete)	83.61	30,600
Greece	Tanagra	107.92	39,500
Greece	Thessaloniki	104.64	38,300
Guatemala	Guatemala City	102.73	37,600
Holy See, The	Holy See, The	182.24	66,700
Hungary	Budapest	88.80	32,500
India	Mumbai	185.57	67,920
India	New Delhi	82.66	30,252
Indonesia	Jakarta	103.21	37,776
Ireland	Dublin	158.20	57,900
Ireland	Limerick	89.34	32,700
Ireland	Shannon Area	89.34	32,700
Italy	Catania	106.56	39,000
Italy	Gaeta	77.05	28,200
Italy	Genoa	110.38	40,400
Italy	Gioia Tauro	85.25	31,200
Italy	La Spezia	110.38	40,400
Italy	Leghorn	114.21	41,800
Italy	Milan	272.13	99,600

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Italy	Naples	150.27	55,000
Italy	Pisa	114.21	41,800
Italy	Pordenone-Aviano	125.68	46,000
Italy	Rome	182.24	66,700
Italy	Sardinia	93.44	34,200
Italy	Sigonella	106.56	39,000
Italy	Turin	136.07	49,800
Italy	Verona	86.89	31,800
Italy	Vicenza	126.78	46,400
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.	104.64	38,300
Jamaica	Kingston	112.57	41,200
Japan	Akashi	86.07	31,500
Japan	Akizuki	75.68	27,700
Japan	Atsugi	108.47	39,700
Japan	Camp Zama	108.47	39,700
Japan	Chiba-Ken	108.47	39,700
Japan	Fussa	108.47	39,700
Japan	Gifu	79.78	29,200
Japan	Gotemba	81.97	30,000
Japan	Haneda	108.47	39,700
Japan	Kanagawa-Ken	108.47	39,700
Japan	Komaki	79.78	29,200
Japan	Machidi-Shi	108.47	39,700
Japan	Misawa	78.96	28,900
Japan	Nagoya	103.24	37,786
Japan	Okinawa Prefecture	133.06	48,700
Japan	Osaka-Kobe	144.91	53,036
Japan	Sagamihara	108.47	39,700
Japan	Saitama-Ken	108.47	39,700
Japan	Sasebo	81.42	29,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Japan	Tachikawa	108.47	39,700
Japan	Tokyo	257.38	94,200
Japan	Tokyo-to	108.47	39,700
Japan	Yokohama	138.25	50,600
Japan	Yokosuka	118.58	43,400
Japan	Yokota	108.47	39,700
Kazakhstan	Almaty	131.15	48,000
Korea	Camp Carroll	80.05	29,300
Korea	Camp Colbern	178.69	65,400
Korea	Camp Market	178.69	65,400
Korea	Camp Mercer	178.69	65,400
Korea	Chinhae	82.79	30,300
Korea	Chunchon	76.78	28,100
Korea	K-16	178.69	65,400
Korea	Kimhae	85.79	31,400
Korea	Kimpo Airfield	178.69	65,400
Korea	Kwangju	81.97	30,000
Korea	Munsan	75.41	27,600
Korea	Osan AB	93.17	34,100
Korea	Pusan	85.79	31,400
Korea	Pyongtaek	93.17	34,100
Korea	Seoul	178.69	65,400
Korea	Suwon	178.69	65,400
Korea	Taegu	100.00	36,600
Korea	Tongduchon	75.41	27,600
Korea	Uijongbu	106.56	39,000
Korea	Waegwan	80.05	29,300
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.	87.16	31,900
Kuwait	Kuwait City	177.87	65,100

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Kuwait	All cities other than Kuwait City	159.29	58,300
Luxembourg	Luxembourg	149.45	54,700
Macedonia	Skopje	96.72	35,400
Malaysia	Kuala Lumpur	138.80	50,800
Malaysia	All cities other than Kuala Lumpur	92.08	33,700
Malta	Malta	122.95	45,000
Mexico	Hermosillo	98.36	36,000
Mexico	Mazatlan	88.52	32,400
Mexico	Merida	103.55	37,900
Mexico	Mexico City	125.41	45,900
Mexico	Monterrey	117.21	42,900
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz.	107.65	39,400
Micronesia	Pohnpei	75.14	27,500
Netherlands	Amsterdam	144.54	52,900
Netherlands	Aruba	98.36	36,000
Netherlands	Brunssum	103.28	37,800
Netherlands	Eygelshoven	103.28	37,800
Netherlands	Hague, The	187.16	68,500
Netherlands	Heerlen	103.28	37,800
Netherlands	Hoensbroek	103.28	37,800
Netherlands	Hulsberg	103.28	37,800
Netherlands	Kerkrade	103.28	37,800
Netherlands	Landgraaf	103.28	37,800
Netherlands	Maastricht	103.28	37,800
Netherlands	Papendrecht	130.87	47,900
Netherlands	Rotterdam	130.87	47,900
Netherlands	Schaesburg	103.28	37,800
Netherlands	Schinnen	103.28	37,800

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Netherlands	Schiphol	144.54	52,900
Netherlands	Ypenburg	187.16	68,500
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eysgelshoven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg.	95.63	35,000
Netherlands Antilles	Curacao	101.91	37,300
New Zealand	Auckland	97.54	35,700
New Zealand	Wellington	92.35	33,800
Nicaragua	Managua	86.89	31,800
Norway	Oslo	159.29	58,300
Norway	Stavanger	108.20	39,600
Norway	All cities other than Oslo and Stavanger.	103.01	37,700
Panama	Panama City	96.99	35,500
Peru	Lima	74.59	27,300
Phillippines	Cavite	98.36	36,000
Phillippines	Manila	98.36	36,000
Phillippines	All cities other than Cavite and Manila.	76.23	27,900
Poland	Poland	80.33	29,400
Portugal	Alverca	166.67	61,000
Portugal	Lajes Field	82.24	30,100
Portugal	Lisbon	166.67	61,000
Qatar	Doha	99.08	36,264
Qatar	All cities other than Doha	88.52	32,400
Russia	Moscow	248.36	90,900
Russia	Saint Petersburg	119.67	43,800
Russia	Sakhalin Island	211.75	77,500
Russia	Vladivostok	211.75	77,500
Russia	Yekaterinburg	129.51	47,400

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Rwanda	Kigali	86.07	31,500
Saudi Arabia	Jeddah	83.79	30,667
Saudi Arabia	Riyadh	87.43	32,000
Singapore	Singapore	176.23	64,500
South Africa	Pretoria	109.84	40,200
Spain	Barcelona	110.93	40,600
Spain	Madrid	123.50	45,200
Spain	Rota	106.01	38,800
Spain	Valencia	127.60	46,700
Spain	All cities other than Barcelona, Madrid, Rota and Valencia.	76.23	27,900
Switzerland	Bern	162.30	59,400
Switzerland	Geneva	229.78	84,100
Switzerland	Zurich	107.16	39,219
Switzerland	All cities other than Bern, Geneva, and Zurich.	89.89	32,900
Taiwan	Taipei	126.20	46,188
Thailand	Bangkok	139.62	51,100
Turkey	Ankara	88.80	32,500
Turkey	Elmadag	88.80	32,500
Turkey	Izmir-Cigli	86.34	31,600
Turkey	Manzarali	88.80	32,500
Turkey	Yamanlar	86.34	31,600
Ukraine	Kiev	196.72	72,000
United Arab Emirates	Abu Dhabi	135.76	49,687
United Arab Emirates	Dubai	156.21	57,174
United Kingdom	Basingstoke	112.29	41,099
United Kingdom	Bath	112.02	41,000
United Kingdom	Bracknell	169.67	62,100
United Kingdom	Bristol	105.74	38,700
United Kingdom	Cambridge	117.49	43,000
United Kingdom	Caversham	201.64	73,800
United Kingdom	Cheltenham	127.87	46,800
United Kingdom	Chicksands	72.40	26,500
United Kingdom	Croughton	117.76	43,100
United Kingdom	Fairford	112.02	41,000
United Kingdom	Farnborough	149.45	54,700
United Kingdom	Felixstowe	122.95	45,000
United Kingdom	Gibraltar	121.90	44,616
United Kingdom	Harrogate	126.78	46,400
United Kingdom	High Wycombe	169.67	62,100

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
United Kingdom	Kemble	112.02	41,000
United Kingdom	Lakenheath	150.55	55,100
United Kingdom	Liverpool	106.01	38,800
United Kingdom	London	226.50	82,900
United Kingdom	Loudwater	173.50	63,500
United Kingdom	Menwith Hill	126.78	46,400
United Kingdom	Mildenhall	150.55	55,100
United Kingdom	Oxfordshire	117.76	43,100
United Kingdom	Plymouth	117.76	43,100
United Kingdom	Portsmouth	117.76	43,100
United Kingdom	Reading	169.67	62,100
United Kingdom	Rochester	109.02	39,900
United Kingdom	Southampton	120.77	44,200
United Kingdom	Surrey	132.25	48,402
United Kingdom	Waterbeach	119.95	43,900
United Kingdom	West Byfleet	72.13	26,400
United Kingdom	Wiltshire	113.66	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, Gibraltar, Glenrothes, Greenham Common, Harrogate, High Wycombe, Hythe, Kemble,	113.93	41,700

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
	Lakenheath, Liverpool, London, Loudwater, Menwith Hill, Mildenhall, Nottingham, Oxfordshire, Plymouth, Portsmouth, Reading, Rochester, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.		
Venezuela	Caracas	155.74	57,000
Vietnam	Hanoi	128.22	46,800
Vietnam	Ho Chi Minh City	115.07	42,000

EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2008.

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).