



TaxNewsFlash

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Notice 2017-21: Housing expense limit adjustments, foreign locations for 2017

The IRS today released an advance version of Notice 2017-21 providing the adjustments to the limitation on housing expenses, under section 911, for specific locations for 2017.

The adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States—thus, providing an increased amount that a qualified individual can elect to exclude from gross income as a housing cost amount for purposes of section 911.

[Notice 2017-21](#) [PDF 108 KB] includes a table with the adjusted limitations on housing expenses for certain foreign locations (in lieu of the otherwise applicable limitation of \$30,630) for 2017.

Election to apply 2017 adjusted limitations to 2016, if greater

Today's notice is effective for tax years beginning on or after January 1, 2017.

For some locations, however, the limitation on housing expenses provided in today's notice may be greater than the limitation on housing expenses provided in the table of adjusted limitations for 2016 (as provided last year, in [Notice 2016-21](#) [PDF 106 KB]). Accordingly, Notice 2017-21 provides that a qualified individual, incurring housing expenses in such a location during 2016, may elect to apply the 2017 adjusted housing limitations to the tax year beginning in 2016.

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