

2019-2020 Special Per Diem Rates

Notice 2019-55

SECTION 1. PURPOSE

This annual notice provides the 2019-2020 special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home, specifically (1) the special transportation industry meal and incidental expenses (M&IE) rates, (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for purposes of the high-low substantiation method.

SECTION 2. BACKGROUND

Rev. Proc. 2011-47, 2011-42 I.R.B. 520 (or successor), provides rules for using a per diem rate to substantiate, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses paid or incurred while traveling away from home. Taxpayers using the rates and list of high-cost localities provided in this notice must comply with Rev. Proc. 2011-47 (or successor). Notice 2018-77, 2018-42 I.R.B. 601, provides the rates and list of high-cost localities for the period October 1, 2018, to September 30, 2019.

Section 3.02(3) of Rev. Proc. 2011-47 (or successor) provides that the term “incidental expenses” has the same meaning as in the Federal Travel Regulations, 41 C.F.R. 300-3.1, and that future changes to the definition of incidental expenses in the Federal Travel Regulations would be announced in the annual per diem notice.

Subsequent to the publication of Rev. Proc. 2011-47, the General Services Administration published final regulations revising the definition of incidental expenses under the Federal Travel Regulations to include only fees and tips given to porters, baggage carriers, hotel staff, and staff on ships. Transportation between places of lodging or business and places where meals are taken, and the mailing cost of filing travel vouchers and paying employer-sponsored charge card billings, are no longer included in incidental expenses. Accordingly, taxpayers using the per diem rates may separately deduct, if permitted, or be reimbursed for transportation and mailing expenses.

SECTION 3. SPECIAL M&IE RATES FOR TRANSPORTATION INDUSTRY

The special M&IE rates for taxpayers in the transportation industry are \$66 for any locality of travel in the continental United States (CONUS) and \$71 for any locality of travel outside the continental United States (OCONUS). See section 4.04 of Rev. Proc. 2011-47 (or successor).

SECTION 4. RATE FOR INCIDENTAL EXPENSES ONLY DEDUCTION

The rate for any CONUS or OCONUS locality of travel for the incidental expenses only deduction is \$5 per day. See section 4.05 of Rev. Proc. 2011-47 (or successor).

SECTION 5. HIGH-LOW SUBSTANTIATION METHOD

1. Annual high-low rates. For purposes of the high-low substantiation method, the per diem rates in lieu of the rates described in Notice 2018-77 (the per diem substantiation method) are \$297 for travel to any high-cost locality and \$200 for travel to any other locality within CONUS. The amount of the \$297 high rate and \$200 low rate that is treated as paid for meals for purposes of § 274(n) is \$71 for travel to any high-cost locality and \$60 for travel to any other locality within CONUS. See section 5.02 of Rev. Proc. 2011-47 (or successor). The per diem rates in lieu of the rates described in Notice 2018-77 (the meal and incidental expenses only substantiation method) are \$71 for travel to any high-cost locality and \$60 for travel to any other locality within CONUS.

2. High-cost localities. The following localities have a federal per diem rate of \$248 or more, and are high-cost localities for all of the calendar year or the portion of the calendar year specified in parentheses under the key city name.

| <u>Key city</u> | <u>County or other defined location</u> |
|--|---|
| Arizona Sedona | City Limits of Sedona |
| California Mill Valley/San Rafael/Novato (October 1-October 31 and June 1-September 30) | Marin |
| Monterey (July 1-August 31) | Monterey |
| Napa (October 1-November 30 and April 1-September 30) | Napa |
| Oakland | Alameda |
| San Francisco | San Francisco |
| San Mateo/Foster City/Belmont | San Mateo |
| Santa Barbara (July 1-August 31) | Santa Barbara |
| Santa Monica | City limits of Santa Monica |
| Sunnyvale/Palo Alto/San Jose | Santa Clara |

Colorado

Aspen

(October 1-March 31 and
June 1-September 30)

Crested Butte/Gunnison

(December 1-March 31)

Denver/Aurora

(October 1-October 31
and April 1-September 30)

Grand Lake

(December 1-March 31)

Silverthorne/Breckenridge

(December 1-March 31)

Telluride

Vail

Pitkin

Gunnison

Denver, Adams, Arapahoe,
and Jefferson

Grand

Summit

San Miguel

Eagle

Delaware

Lewes

(July 1-August 31)

Sussex

District of Columbia

Washington D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia)

(October 1-June 30
and September 1-September 30)

Florida

Boca Raton/Delray Beach/Jupiter

(December 1-April 30)

Fort Lauderdale

(January 1-April 30)

Fort Meyers

(February 1-March 31)

Fort Walton Beach/De Funiak Springs

(June 1-July 31)

Key West

(October 1-July 31)

Miami

(December 1-March 31)

Naples

(February 1-April 30)

Vero Beach

(December 1-April 30)

Palm Beach and Hendry

Broward

Lee

Okaloosa and Walton

Monroe

Miami-Dade

Collier

Indian River

Georgia

| | |
|---|--|
| Jekyll Island/Brunswick (June 1-July 31) | Glynn |
| Illinois Chicago (October 1-November 30 and April 1-September 30) | Cook and Lake |
| Maine Bar Harbor/Rockport (July 1-August 31) | Hancock and Knox |
| Maryland Ocean City (July 1-August 31) Washington, DC Metro Area (October 1-June 30 and September 1-September 30) | Worcester Montgomery and Prince George's |
| Massachusetts Boston/Cambridge (October 1-November 30 and March 1-September 30) Falmouth (July 1-August 31) Hyannis (July 1-August 31) Martha's Vineyard (June 1-September 30) Nantucket (June 1-September 30) | Suffolk, City of Cambridge City limits of Falmouth Barnstable less the city of Falmouth Dukes Nantucket |
| Michigan Petoskey (July 1-August 31) Traverse City (July 1-August 31) | Emmet Grand Traverse |
| Montana Big Sky/West Yellowstone/Gardiner (June 1-September 30) | Gallatin and Park |
| New Mexico Carlsbad | Eddy |
| New York | |

| | |
|--|---|
| Lake Placid (July 1-August 31) New York City (October 1-December 31 and March 1-September 30) | Essex Bronx, Kings, New York, Queens, and Richmond |
| Oregon Portland (October 1-October 31 and June 1-September 30) Seaside (July 1-August 31) | Multnomah Clatsop |
| Pennsylvania Hershey (June 1-August 31) Philadelphia (October 1-November 30 and September 1-September 30) | Hershey Philadelphia |
| Rhode Island Jamestown/Middletown/Newport (June 1-August 31) | Newport |
| South Carolina Charleston (October 1-October 31 and March 1-September 30) | Charleston, Berkeley, and Dorchester |
| Tennessee Nashville | Davidson |
| Texas Midland/Odessa Pecos | Midland, Andrews, Ector, and Martin Reeves |
| Utah Park City (December 1-March 31) | Summit |
| Virginia Wallops Island (July 1-August 31) Washington, DC Metro Area (October 1-June 30) | Accomack Cities of Alexandria, Fairfax, and Falls Church; Counties of |

and September 1-September 30)

Arlington and Fairfax

Washington

Seattle

Vancouver

(October 1-October 31 and
June 1-September 30)

King

Clark, Cowlitz, and Skamania

Wyoming

Cody

(June 1-September 30)

Jackson/Pinedale

(June 1-September 30)

Park

Teton and Sublette

3. Changes in high-cost localities. The list of high-cost localities in this notice differs from the list of high-cost localities in section 5 of Notice 2018-77.

- a. The following localities have been added to the list of high-cost localities: Mill Valley/San Rafael/Novato, California; Crested Butte/Gunnison, Colorado; Petoskey, Michigan; Big Sky/West Yellowstone/Gardiner, Montana; Carlsbad, New Mexico; Nashville, Tennessee; Midland/Odessa, Texas.
- b. The following localities have changed the portion of the year in which they are high-cost localities: Napa, California; Santa Barbara, California; Denver, Colorado; Vail, Colorado; Washington D.C., District of Columbia; Key West, Florida; Jekyll Island/Brunswick, Georgia; New York City, New York; Portland, Oregon; Philadelphia, Pennsylvania; Pecos, Texas; Vancouver, Washington; Jackson/Pinedale, Wyoming.
- c. The following localities have been removed from the list of high-cost localities: Los Angeles, California; San Diego, California; Duluth, Minnesota; Moab, Utah; Virginia Beach, Virginia.

SECTION 6. EFFECTIVE DATE

This notice is effective for per diem allowances for lodging, meal and incidental expenses, or for meal and incidental expenses only, that are paid to any employee on or after October 1, 2019, for travel away from home on or after October 1, 2019. For purposes of computing the amount allowable as a deduction for travel away from home, this notice is effective for meal and incidental expenses or for incidental expenses only paid or incurred on or after October 1, 2019. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 (or successor) for transition rules for the last 3 months of calendar year 2019.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2018-77 is superseded.

DRAFTING INFORMATION

The principal author of this notice is Maxine Woo-Garcia of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Maxine Woo-Garcia at (202) 317-7005 (not a toll-free call).