

## Special Per Diem Rates

### Cross References

- Notice 2017-54

Each year the IRS updates the special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home. These special per diem rates apply to the following:

- The special transportation industry meal and incidental expenses (M&IE) rates,
- The rate for the incidental expenses only deduction, and
- The rates and list of high-cost localities for purposes of the high-low substantiation method.

**Special M&IE rates for transportation industry.** For workers subject to the U.S. Department of Transportation “hours of service” rules, a deduction of 80% for meals is allowed (compared to the general 50% limitation). The “hours of service” rule in general limits the number of hours per day a worker can work. This can include individuals working on an airline, barge, bus, ship, train, or truck. In addition to a higher limit for deducting meals, transportation workers also have their own special standard meal and incidental expense (M&IE) rates:

	<i>Effective 10/1/2017</i>	<i>10/1/2016</i>
M&IE, continental U.S. (CONUS).....	\$63 .....	\$63
M&IE, outside continental U.S. (OCONUS).....	\$68 .....	\$68

**Rate for incidental expenses only deduction.** Rev. Proc. 2011-47 revised the definition of incidental expenses to include only fees and tips given to porters, baggage carriers, hotel staff, and staff on ships. These costs may be separately deducted or reimbursed from other travel costs. Effective October 1, 2017, the rate for the incidental expenses only deduction is \$5 per day.

**High-low substantiation method.** The high-low substantiation method can be used by employers to pay employees a per diem travel allowance (hotels, meals, and incidentals) instead of using various rates that apply at different locations. By using this special per diem rate method, only two rates apply in the Continental United States (CONUS). The special high-low method is used only by employers to reimburse employees for their travel expenses. It cannot be used by employees or self-employed taxpayers to determine their unreimbursed business expense deductions. Employer reimbursements within these limits are considered substantiated.

Effective Date	High-Cost Localities		Low-Cost Localities	
	Total Travel	Meals Only	Total Travel	Meals Only
Oct. 1, 2017	\$284	\$68	\$191	\$57
Oct. 1, 2016	\$282	\$68	\$189	\$57

**High-cost localities.** The following localities are high-cost localities for all of the calendar year or the portion of the calendar year specified in parentheses next to the key city name. Localities that are not listed below are low-cost localities.

Key City	County or Other Defined Location
<b>California</b>	
Mill Valley/San Rafael/Novato (October 1-October 31 and June 1-September 30)	Marin
Monterey (July 1-August 31)	Monterey
Napa (October 1-October 31 and May 1-September 30)	Napa
Oakland (October 1-October 31 and January 1-September 30)	Alameda
San Francisco	San Francisco
San Mateo/Foster City/Belmont	San Mateo
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose	Santa Clara
<b>Colorado</b>	
Aspen	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson
Grand Lake (December 1-March 31)	Grand
Silverthorne/Breckenridge (December 1-March 31)	Summit
Steamboat Springs (December 1-March 31)	Routt
Telluride	San Miguel
Vail (December 1-March 31 and July 1-August 31)	Eagle
<b>Delaware</b>	
Lewes (July 1-August 31)	Sussex
<b>District of Columbia</b>	
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)	
<b>Florida</b>	
Boca Raton/Delray Beach/Jupiter (January 1-April 30)	Palm Beach and Hendry
Fort Lauderdale (January 1-April 30)	Broward
Fort Meyers (February 1-March 31)	Lee
Fort Walton Beach/De Funiak Springs (June 1-July 31)	Okaloosa and Walton
Key West	Monroe
Miami (December 1-March 31)	Miami-Dade
Naples (December 1-April 30)	Collier
<b>Illinois</b>	
Chicago (October 1-November 30 and April 1-September 30)	Cook and Lake

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<b>Maine</b>	
Bar Harbor (October 1-October 31 and July 1-September 30)	Hancock
<b>Maryland</b>	
Ocean City (July 1-August 31)	Worcester
Washington, DC Metro Area	Montgomery and Prince George's
<b>Massachusetts</b>	
Boston/Cambridge Falmouth (July 1-August 31)	Suffolk, city of Cambridge City limits of Falmouth
Hyannis (July 1-August 31)	Barnstable less the city of Falmouth
Martha's Vineyard (June 1-September 30)	Dukes
Nantucket (June 1-September 30)	Nantucket
<b>Michigan</b>	
Petoskey (July 1-August 31)	Emmet
Traverse City/Leland (July 1-August 31)	Grand Traverse and Leelanau
<b>New York</b>	
Lake Placid (July 1-August 31)	Essex
New York City	Bronx, Kings, New York, Queens, and Richmond
Saratoga Springs/Schenectady (July 1-August 31)	Saratoga and Schenectady
<b>Oregon</b>	
Portland (October 1-October 31 and March 1-September 30)	Multnomah
Seaside (July 1-August 31)	Clatsop
<b>Pennsylvania</b>	
Hershey (June 1-August 31)	Hershey
Philadelphia (October 1-November 30 and April 1-September 30)	Philadelphia
<b>Rhode Island</b>	
Jamestown/Middletown/Newport (October 1-October 31 and June 1-September 30)	Newport
<b>South Carolina</b>	
Charleston (October 1-November 30 and March 1-September 30)	Charleston, Berkeley and Dorchester
<b>Utah</b>	
Park City (December 1-March 31)	Summit

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**Virginia**

Virginia Beach (June 1-August 31)	City of Virginia Beach
Wallops Island (July 1-August 31)	Accomack
Washington, DC Metro Area	Cities of Alexandria, Fairfax, and Falls Church; counties of Arlington and Fairfax

**Washington**

Seattle	King
Vancouver (October 1-October 31 and March 1-September 30)	Clark, Cowlitz, and Skamania

**Wyoming**

Jackson/Pinedale (June 1-September 30)	Teton and Sublette
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