

Hello - and welcome to Mobility Matters Express.

The IRS released Notice 2022-10 with an updated list of foreign locations with high housing costs for purposes of the section 911. The Notice is effective for taxable years beginning after 2021. If a location is not listed, then the statutory amount equal to 30% of the foreign earned income exclusion (\$33,600 for 2022) applies. What's interesting, and a departure from prior years, is more locations experienced a DECREASE in the adjusted limitation amount versus an increase. This will impact individual's US tax cost. Out of 266 total locations listed, 151 have seen a decrease, including some locations usually associated with a high cost of living - notably Tokyo, Riyadh, and Zurich. Hong Kong – the city with the highest limitation amount at \$114,300 remains unchanged. Only 20 locations were increased - mostly located in Canada. The takeaway? If the newly released housing limitation amounts are higher than those provided for 2021, taxpayers may elect to use the higher 2022 amounts on their 2021 federal income tax returns resulting in additional US tax savings. Thank you for joining this segment of Mobility Matters Express!