



TaxNewsFlash

United States

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Notice 2025-54: Per diem rates, substantiation of employee lodging, meals, incidentals (2025-2026)

The IRS today released [Notice 2025-54](#)—an annual notice providing the 2025-2026 special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home.

- The special transportation industry meal and incidental expenses rates—\$80 for any locality of travel in the continental United States, and \$86 for any locality of travel outside the continental United States
- The rate for the incidental expenses-only deduction—\$5 per day
- The rates and list of high-cost localities for purposes of the high-low substantiation method

Background

The IRS issues an annual update of the per diem rates and list of high-cost localities that taxpayers may use to comply with Rev. Proc. 2019-48 (or successor) setting forth rules for using a per diem rate to substantiate, under section 274(d) and Treas. Reg. § 1.274-5, the amount of ordinary and necessary business expenses of an employee for lodging, meal, and incidental expenses paid or incurred while traveling away from home.

Effective date

Notice 2025-54 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, 2025, for travel away from home on or after October 1, 2025.

For purposes of computing the amount allowable as a deduction for travel away from home, Notice 2025-54 is effective for meal and incidental expenses or for incidental expenses only paid or incurred on or after October 1, 2025.

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