



# TaxNewsFlash

United States

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## Notice 2026-25: Housing expense limit adjustments, foreign locations for 2026

The IRS today released [Notice 2026-25](#) providing the adjustments to the limitation on housing expenses, under section 911, for specific locations for 2026.

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.

Under a general limitation, a qualified individual whose entire tax year is within the applicable period is limited to maximum housing expenses of \$39,870 ( $\$132,900 \times 0.30$ ) for 2026 to the extent they exceed a base amount of \$21,264 ( $\$132,900 \times 0.16$ ). However, the IRS has authority to issue guidance to adjust the \$39,870 maximum amount in relation to geographic differences in housing cost amounts relative to housing costs in the United States.

Notice 2026-25 includes a table with the adjusted limitations on housing expenses for certain foreign locations (in lieu of the otherwise applicable limitation of \$39,870) for 2026.

If the amount provided is more than the amount that was allowed for 2025, a taxpayer can elect to claim the 2026 limitation in his or her 2025 income tax return.

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