

2014-2015 Special Per Diem Rates

Notice 2014-57

SECTION 1. PURPOSE

This annual notice provides the 2014-2015 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, 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. Notice 2013-65, 2013-42 I.R.B. 440, provides the rates and list of high-cost localities for the period October 1, 2013, to September 30, 2014.

Section 3.02(3) of Rev. Proc. 2011-47 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

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 per diem rates may separately deduct 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 \$59 for any locality of travel in the continental United States (CONUS) and \$65 for any locality of travel outside the continental United States (OCONUS). See section 4.04 of Rev. Proc. 2011-47.

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.

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 2013-65 (the per diem substantiation method) are \$259 for travel to any high-cost locality and \$172 for travel to any other locality within CONUS. The amount of the \$259 high rate and \$172 low rate that is treated as paid for meals for purposes of § 274(n) is \$65 for travel to any high-cost locality and \$52 for travel to any other locality within CONUS. See section 5.02 of

Rev. Proc. 2011-47. The per diem rates in lieu of the rates described in Notice 2013-65 (the meal and incidental expenses only substantiation method) are \$65 for travel to any high-cost locality and \$52 for travel to any other locality within CONUS.

2. High-cost localities. The following localities have a federal per diem rate of \$216 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 (March 1-May 31)	City limits of Sedona
California	
Monterey (July 1-August 31)	Monterey
Napa (October 1-November 30 and February 1-September 30)	Napa
San Francisco	San Francisco
San Mateo/Foster City/Belmont	San Mateo
Santa Barbara	Santa Barbara
Santa Cruz (June 1-August 31)	Santa Cruz
Santa Monica	City limits of Santa Monica
Sunnyvale/Palo Alto/San Jose	Santa Clara
Colorado	
Aspen (December 1-March 31 and June 1-August 31)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson
Steamboat Springs (December 1-March 31)	Routt
Telluride (December 1-March 31 and June 1-September 30)	San Miguel
Vail (December 1-March 31 and July 1-August 31)	Eagle
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)

Florida

Boca Raton/Delray Beach/Jupiter
(January 1-April 30)

Palm Beach and Hendry

Fort Lauderdale
(January 1-March 31)

Broward

Fort Walton Beach/De Funiak Springs
(June 1-July 31)

Okaloosa and Walton

Key West

Monroe

Miami

Miami-Dade

(October 1-March 31)

Naples

Collier

(January 1-April 30)

Illinois

Chicago

Cook and Lake

(October 1-November 30 and March 1-September 30)

Louisiana

New Orleans

Orleans, St. Bernard, Jefferson
and Plaquemine Parishes

(October 1-June 30)

Maine

Bar Harbor

Hancock

(July 1-August 31)

Maryland

Baltimore City

Baltimore City

(October 1-November 30 and March 1-September 30)

Cambridge/St. Michaels

Dorchester and Talbot

(June 1-August 31)

Ocean City

Worcester

(June 1-August 31)

Washington, DC Metro Area

Montgomery and Prince George's

Massachusetts

Boston/Cambridge

Suffolk, City of Cambridge

Falmouth

City limits of Falmouth

(July 1-August 31)

Martha's Vineyard

Dukes

(July 1-August 31)

Nantucket

Nantucket

(June 1-September 30)

Montana Glendive/Sidney	Dawson and Richland
New Hampshire Conway (July 1-August 31)	Carroll
New York Glens Falls (July 1-August 31) Lake Placid (July 1-August 31) New York City Saratoga Springs/Schenectady (July 1-August 31) Tarrytown/White Plains/New Rochelle	Warren Essex Bronx, Kings, New York, Queens, and Richmond Saratoga and Schenectady Westchester
North Carolina Kill Devil (June 1-August 31)	Dare
North Dakota Williston	Williams, Mountrail, and McKenzie
Pennsylvania Philadelphia (October 1-November 30 and March 1-June 30 and September 1-September 30)	Philadelphia
Rhode Island Jamestown/Middletown/Newport (October 1-October 31 and May 1-September 30)	Newport
South Carolina Charleston (March 1-May 31)	Charleston, Berkeley and Dorchester
Texas Midland	Midland
Utah Park City (December 1-March 31)	Summit

Virginia
Washington, DC Metro Area

Cities of Alexandria, Fairfax, and
Falls Church; counties of
Arlington and Fairfax
City of Virginia Beach

Virginia Beach
(June 1-August 31)

Washington
Seattle

King

Wyoming
Jackson/Pinedale
(July 1-August 31)

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 2013-65.

- a. The following localities have been added to the list of high-cost localities: San Mateo/Foster City/Belmont, California; Sunnyvale/Palo Alto/San Jose, California; Glendive/Sidney, Montana; Williston, North Dakota.
- b. The following localities have changed the portion of the year in which they are high-cost localities: Sedona, Arizona; Napa, California; Vail, Colorado; Fort Lauderdale, Florida; Miami, Florida; Philadelphia, Pennsylvania.
- c. The following localities have been removed from the list of high-cost localities: Yosemite National Park, California; San Diego, California; Floral Park/Garden City/Great Neck, New York.

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, 2014, for travel away from home on or after October 1, 2014. 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, 2014. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 for transition rules for the last 3 months of calendar year 2014.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2013-65 is superseded.

DRAFTING INFORMATION

The principal author of this notice is Neville R. Jiang of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Jiang at (202) 317-7007 (not a toll-free call).