

2012-2013 Special Per Diem Rates

Notice 2012-63

SECTION 1. PURPOSE

This annual notice provides the 2012-2013 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 2011-81, 2011-42 I.R.B. 513, provides the rates and list of high-cost localities for the period October 1, 2011, to September 30, 2012.

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. On September

7, 2011, the General Services Administration published interim (temporary) 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 section 4.01 of Rev. Proc. 2011-47 (the per diem substantiation method) are \$242 for travel to any high-cost locality and \$163 for travel to any other locality within CONUS. The amount of the \$242 high rate and \$163 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 section 4.02 of Rev. Proc. 2011-47 (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 \$202 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-April 30)	City limits of Sedona
California	
Monterey	Monterey
Napa (October 1-November 30 and April 1-September 30)	Napa
San Diego	San Diego
San Francisco	San Francisco
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Yosemite National Park (June 1-August 31)	Mariposa
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)	San Miguel
Vail (December 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	
Fort Lauderdale (January 1-May 31)	Broward
Fort Walton Beach/De Funiak Springs (June 1-July 31)	Okaloosa and Walton
Key West	Monroe
Miami (December 1-March 31)	Miami-Dade
Naples (January 1-April 30)	Collier
Illinois	
Chicago (October 1-November 30 and April 1-September 30)	Cook and Lake
Louisiana	
New Orleans (October 1-June 30)	Orleans, St. Bernard, Jefferson and Plaquemine Parishes
Maine	
Bar Harbor (July 1-August 31)	Hancock
Maryland	
Baltimore City (October 1-November 30 and March 1-September 30)	Baltimore City
Cambridge/St. Michaels (June 1-August 31)	Dorchester and Talbot
Ocean City (June 1-August 31)	Worcester
Washington, DC Metro Area	Montgomery and Prince George's
Massachusetts	
Boston/Cambridge	Suffolk, City of Cambridge
Falmouth (July 1-August 31)	City limits of Falmouth
Martha's Vineyard (July 1-August 31)	Dukes
Nantucket (June 1-September 30)	Nantucket
New Hampshire	
Conway (July 1-August 31)	Carroll

New York	
Floral Park/Garden City/Great Neck	Nassau
Glens Falls	Warren
(July 1-August 31)	
Lake Placid	Essex
(July 1-August 31)	
Manhattan (includes the boroughs of Manhattan, Brooklyn, the Bronx, Queens and Staten Island)	Bronx, Kings, New York, Queens, Richmond
Saratoga Springs/Schenectady	Saratoga and Schenectady
(July 1-August 31)	
Tarrytown/White Plains/New Rochelle	Westchester
North Carolina	
Kill Devil	Dare
(June 1-August 31)	
Pennsylvania	
Philadelphia	Philadelphia
Rhode Island	
Jamestown/Middletown/Newport	Newport
(October 1-October 31 and May 1-September 30)	
Utah	
Park City	Summit
(January 1-March 31)	
Virginia	
Washington, DC Metro Area	Cities of Alexandria, Fairfax, and Falls Church; counties of Arlington and Fairfax
Virginia Beach	City of Virginia Beach
(June 1-August 31)	
Washington	
Seattle	King
Wyoming	
Jackson/Pinedale	Teton and Sublette
(July 1-August 31)	

3. Changes in high-cost localities. There are no changes in the list of high-cost localities in this notice from the list of high-cost localities in section 5 of Notice 2011-81.

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, 2012, for travel away from home on or after October 1, 2012. 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, 2012. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 for transition rules for the last 3 months of calendar year 2012.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2011-81 is superseded.

DRAFTING INFORMATION

The principal author of this notice is Eric D. Brauer of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Brauer at (202) 622-4970 (not a toll-free call).