

2013-2014 Special Per Diem Rates

Notice 2013-65

SECTION 1. PURPOSE

This annual notice provides the 2013-2014 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 2012-63, 2012-42 I.R.B. 496, provides the rates and list of high-cost localities for the period October 1, 2012, to September 30, 2013.

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 October 22,

2012, 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 2012-63 (the per diem substantiation method) are \$251 for travel to any high-cost locality and \$170 for travel to any other locality within CONUS. The amount of the \$251 high rate and \$170 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 2012-63 (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 \$210 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 (July 1-August 31)	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 Cruz (June 1-August 31)	Santa Cruz
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 and June 1-September 30)	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

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

Fort Lauderdale
(January 1-May 31)

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

Key West

Miami
(January 1-March 31)

Naples
(January 1-April 30)

Palm Beach/Hendry

Broward

Okaloosa and Walton

Monroe

Miami-Dade

Collier

Illinois

Chicago
(October 1-November 30 and March 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)

Cambridge/St. Michaels
(June 1-August 31)

Ocean City
(June 1-August 31)

Washington, DC Metro Area

Baltimore City

Dorchester and Talbot

Worcester

Montgomery and Prince George's

Massachusetts

Boston/Cambridge
Falmouth
(July 1-August 31)

Martha's Vineyard
(July 1-August 31)

Nantucket

Suffolk, City of Cambridge
City limits of Falmouth

Dukes

Nantucket

(June 1-September 30)

New Hampshire

Conway

(July 1-August 31)

Carroll

New York

Floral Park/Garden City/Great Neck

Glens Falls

(July 1-August 31)

Lake Placid

(July 1-August 31)

Manhattan (includes the boroughs of
Manhattan, Brooklyn, the Bronx, Queens
and Staten Island)

Saratoga Springs/Schenectady

(July 1-August 31)

Tarrytown/White Plains/New Rochelle

Nassau

Warren

Essex

Bronx, Kings, New York, Queens,
Richmond

Saratoga and Schenectady

Westchester

North Carolina

Kill Devil

(June 1-August 31)

Dare

Pennsylvania

Philadelphia

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

Virginia Beach
(June 1-August 31)

City of Virginia Beach

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 2012-63.

- a. The following localities have been added to the list of high-cost localities: Santa Cruz, California; Boca Raton/Delray Beach/Jupiter, Florida; Charleston, South Carolina; and Midland, Texas.
- b. The following localities have changed the portion of the year in which they are high-cost localities: Monterey, California; Telluride, Colorado; Miami, Florida; Chicago, Illinois; and Park City, Utah.
- c. No localities have been removed from the list of high-cost localities.

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, 2013, for travel away from home on or after October 1, 2013. 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, 2013. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 for transition rules for the last 3 months of calendar year 2013.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2012-63 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) 622-4970 (not a toll-free call).