

**From the desk of
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IRS Updates Per-Diem Rates for Business Travel

Business travelers who incur expenses while traveling away from home have new per-diem rates to use in substantiating certain of those expenses

The IRS has issued the 2017–2018 special per-diem rates including for the transportation industry the meal and incidental expenses rates, the rate for the incidental-expenses-only deduction, and the rates and list of high-cost localities for purposes of the high-low substantiation method.

The new rates will be in effect as of October 1, 2017 and are effective to September 30, 2018.

Incidental Expenses

Incidental expenses include fees and tips given to porters, baggage carriers, hotel staff, and staff on ships.

The per-diem rate for the incidental-expenses-only deduction remains at \$5 per day for any locality of travel.

Transportation Industry

The special meals and incidental expenses rates for taxpayers in the transportation industry are \$63 for any locality of travel in the continental United States (CONUS) and \$68 for any locality of travel outside CONUS, unchanged from the last two years.

High-low Substantiation Method

For purposes of the high-low substantiation method the per-diem rates are \$284 for travel to any high-cost locality and \$191 for travel to any other locality within CONUS, slightly higher than last year.

The amount of these rates that is treated as paid for meals is \$68 for travel to a high-cost locality and \$57 for travel to any other locality within CONUS.

The notice contains a list of the localities that are high-cost localities (localities that have a federal per-diem rate of \$238 or more, slightly higher than last year) for all or part of the calendar year.

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