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DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

December 2, 2021

COMPTROLLER'S MEMORANDUM NO. 2021-19

TO: Heads of Departments and Agencies
ATTN: Fiscal Offices
FROM: Curt T. Otaguro, Comptroller 
SUBJECT: Federal Per Diem Rates (CONUS)

In Notice 2021-52, the Internal Revenue Service has updated the federal per diem rates established by Notice 2020-71 for travel within the continental United States (CONUS). These standard rates affect the computation of the taxable portion of the per diem allowances paid to State of Hawaii officers and employees. The information in this memorandum, therefore, needs to be forwarded to the offices in your department responsible for the computation and reporting of the taxable portion of per diem allowances for payroll tax withholding purposes.

The following rates are to be used for computing, under the high-low substantiation method, the taxable portion of per diem for CONUS travel expenses paid or incurred on or after **January 1, 2022**:

	<u>High-Cost Locality</u>	<u>Low-Cost Locality</u>
Lodging	\$222	\$138
Meals and Incidental Expenses	<u>74</u>	<u>64</u>
Total federal rates	<u>\$296</u>	<u>\$202</u>

Attached is a copy of Notice 2021-52 which includes a list of the high-cost localities; all other CONUS localities are considered low-cost localities under the high-low substantiation method.

Should you have any questions on this matter, please call Theoni Wong of our Pre-Audit Branch at 586-0663.

Attachment

2021-2022 Special Per Diem Rates

Notice 2021-52

SECTION 1. PURPOSE

This annual notice provides the 2021-2022 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. This notice also modifies Notice 2020-71, 2020-40 I.R.B. 786, to change the portion of the year Sedona, Arizona is a high-cost locality under section 5 of Notice 2020-71.

SECTION 2. BACKGROUND

Rev. Proc. 2019-48, 2019-51 I.R.B. 1392 (or successor), 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. 2019-48 (or successor). Notice 2020-71, as modified by this notice, provides the rates and list of high-cost localities for the period October 1, 2020, to September 30, 2021.

SECTION 3. SPECIAL M&IE RATES FOR TRANSPORTATION INDUSTRY

The special M&IE rates for taxpayers in the transportation industry are \$69 for any locality of travel in the continental United States (CONUS) and \$74 for any locality of travel outside the continental United States (OCONUS). See section 4.04 of Rev. Proc. 2019-48 (or successor).

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. 2019-48 (or successor).

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 2020-71 (the per diem substantiation method) are \$296 for travel to any high-cost locality and \$202 for travel to any other locality within CONUS. The amount of the \$296 high rate and \$202 low rate that is treated as paid for meals for purposes of § 274(n) is \$74 for travel to any high-cost locality and \$64 for travel to any other locality within CONUS. See section 5.02 of Rev. Proc. 2019-48 (or successor). The per diem rates in lieu of the rates described in Notice 2020-71 (the meal and incidental expenses only substantiation method) are \$74 for travel to any high-cost locality and \$64 for travel to any other locality within CONUS.

2. High-cost localities. The following localities have a federal per diem rate of \$249

or more, and are high-cost localities for the specified portion of the calendar year.

Key City	County or Other Defined Location	Portion of Calendar Year
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Arizona

Sedona	City Limits of Sedona	October 1 – December 31, March 1 – April 30, and September 1 – September 30
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California

Los Angeles	Los Angeles, Orange, Ventura, Edwards AFB less the city of Santa Monica	October 1 - October 31 and January 1 - September 30
Mill Valley/San Rafael/Novato	Marin	October 1 – October 31 and June 1 – September 30
Monterey	Monterey	June 1 – August 31
Napa	Napa	October 1 – November 30 and April 1 – September 30
Oakland	Alameda	October 1 – September 30
San Diego	San Diego	February 1 – July 31
San Francisco	San Francisco	October 1 – September 30
San Mateo/Foster City/Belmont	San Mateo	October 1 – September 30
Santa Barbara	Santa Barbara	October 1 – September 30
Santa Monica	City limits of Santa Monica	October 1 – September 30
Sunnyvale/Palo Alto/San Jose	Santa Clara	October 1 – September 30

Colorado

Aspen	Pitkin	October 1 – March 31 and June 1 – September 30
Crested Butte/Gunnison	Gunnison	December 1 – March 31
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson	October 1 – October 31 and April 1 – September 30
Grand Lake	Grand	December 1 – March 31
Silverthorne/Brecken ridge	Summit	December 1 – March 31
Telluride	San Miguel	October 1 – September 30
Vail	Eagle	October 1 – September 30

Delaware

Lewes	Sussex	July 1 – August 31
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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)	October 1 – September 30
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Florida

Boca Raton/Delray Beach/Jupiter	Palm Beach and Hendry	December 1 – April 30
Fort Lauderdale	Broward	January 1 – April 30
Fort Myers	Lee	February 1 – March 31
Fort Walton Beach/De Funiak Springs	Okaloosa and Walton	June 1 – July 31
Key West	Monroe	October 1 – July 31
Miami	Miami-Dade	December 1 – March 31
Naples	Collier	December 1 – April 30
Vero Beach	Indian River	December 1 – April 30

Georgia

Jekyll Island/Brunswick	Glynn	March 1 – July 31
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Illinois

Chicago	Cook and Lake	October 1 – November 30 and April 1 – September 30
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Maine

Bar Harbor/Rockport	Hancock and Knox	July 1 – August 31
Kennebunk/Kittery/Sanford	York	July 1 – August 31

Maryland

Ocean City	Worcester	July 1 – August 31
Washington, DC Metro Area	Montgomery and Prince George's	October 1 – September 30

Massachusetts

Boston/Cambridge	Suffolk, city of Cambridge	October 1 – September 30
Falmouth	City limits of Falmouth	July 1 – August 31
Hyannis	Barnstable less the city of Falmouth	July 1 – August 31

Martha's Vineyard	Dukes	June 1 – September 30
Nantucket	Nantucket	June 1 – September 30

Michigan

Petoskey	Emmet	July 1 – August 31
Traverse City	Grand Traverse	July 1 – August 31

Montana

Big Sky/West Yellowstone/Gardiner	Gallatin and Park	June 1 – September 30
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New Mexico

Carlsbad	Eddy	October 1 – September 30
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New York

Lake Placid	Essex	July 1 – August 31
New York City	Bronx, Kings, New York, Queens, and Richmond	October 1 – December 31 and March 1 – September 30

Oregon

Portland	Multnomah	October 1 – October 31 and June 1 – September 30
Seaside	Clatsop	July 1 – August 31

Pennsylvania

Hershey	Hershey	June 1 – August 31
Philadelphia	Philadelphia	October 1 – November 30, March 1 – June 30, and September 1 – September 30

Rhode Island

Jamestown/ Middletown/Newport	Newport	June 1 – August 31
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South Carolina

Charleston	Charleston, Berkeley, and Dorchester	October 1 – November 30 and March 1 – September 30
Hilton Head	Beaufort	June 1 – August 31

Tennessee

Nashville	Davidson	October 1 – September 30
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Utah

Park City	Summit	December 1 – March 31
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Virginia

Virginia Beach	City of Virginia Beach	June 1 – August 31
Wallops Island	Accomack	July 1 – August 31
Washington, DC Metro Area	Cities of Alexandria, Falls Church, and Fairfax; Counties of Arlington and Fairfax	October 1 – September 30

Washington

Seattle	King	October 1 – September 30
Vancouver	Clark, Cowlitz, and Skamania	October 1 – October 31 and June 1 – September 30

Wyoming

Cody	Park	June 1 – September 30
Jackson/Pinedale	Teton and Sublette	June 1 – September 30

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 2020-71.

- a. The following locality has been added to the list of high-cost localities: Hilton Head, South Carolina.
- b. The following locality has changed the portion of the year in which it is a high-cost locality: Jamestown/Middletown/Newport, Rhode Island.
- c. The following locality has been removed from the list of high-cost localities: Gulf Breeze, Florida.

SECTION 6. MODIFICATION TO NOTICE 2020-71

The specified period for which Sedona, Arizona is a high cost locality under section 5, paragraph 2 of Notice 2020-71 is modified to be October 1, 2020 - December 31, 2020; March 1, 2021 - April 30, 2021; and September 1, 2021 - September 30, 2021.

This section 6 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, 2020, for travel away from home on or after October 1, 2020.

SECTION 7. EFFECTIVE DATE

Except as provided in section 6 of this notice, 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, 2021, for travel away from home on or after October 1, 2021. 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, 2021. See sections 4.06 and 5.04 of Rev. Proc. 2019-48 (or successor) for transition rules for the last 3 months of calendar year 2021.

SECTION 8. EFFECT ON OTHER DOCUMENTS

Notice 2020-71 is modified and superseded.

DRAFTING INFORMATION

The principal author of this notice is James Liechty of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact James Liechty at (202) 317-7005 (not a toll-free call).