

Tax & National Insurance

Tax: Seafarers Earnings Deduction

Seafarers may be able to get **100% tax-relief** on their on-board earnings from working on a ship. The rules around this are very specific and include:

- They must be employed on a ship (not e.g. a flotel or oil rig);
- They must have been resident in the UK or resident for tax purposes in a European Economic Area (EEA) State (other than the UK);
- They must establish a "qualifying period" by spending at least 183 days outside of the UK in the 365 days after departing from the UK;
- They must complete a voyage or part voyage that begins or ends at a foreign port or oil rig drilling outside UK territorial limits/outside a designated area.

Once they have qualified, and if they meet some other conditions, they can request to use tax code NT to be paid without tax taken off.

Records to keep in case HMRC Checks a claim for a Seafarers Earnings Deduction (SED):

- A completed working sheet HS205
- Air tickets or other travel vouchers
- Hotel bills or other receipts
- Seafarer's discharge book
- Passports and visas
- Freeboard logs of the ships where they carried out duties

NB HMRC may contact their employer to confirm details of their ship's voyage and crew.



Overseas bank accounts

- The Automatic Exchange of Information (AEOI), introduced in 2017, changed how financial organisations communicate with tax authorities. Offshore bank accounts are receiving increased attention and investigations
- HMRC expects to be informed about seafarers' worldwide income whether they pay tax or not
- Not submitting a return on time and paying any tax that is due could result in **fines** and further investigations

HMRC Seafarer's Helpline

Income Tax enquiries for people who work on a ship.

Telephone: **0300 200 3300**
Textphone: **0300 200 3319**
Outside UK: **+44 135 535 9022**

Opening times:
Monday to Friday: 8am to 6pm
Closed on Saturdays, Sundays and bank holidays.

Tax & National Insurance

National Insurance

It is important to have enough National Insurance (NI) contributions in order to qualify for a full state pension.

Seafarers must complete the Offshore Worker's questionnaire in order to be sure their NI is correct. This form should be sent to:

**ISBC, Campaigns and Projects
HM Revenue and Customs
BX9 1QZ**

If sailing on a foreign flagged ship, seafarers must also make arrangements to make NI contribution payments as these will not usually be paid by the overseas employer.

It is important to pay any NI bills promptly as these are a **priority debt** like income tax bills.

HMRC Mariners Unit

Seafarers can phone HMRC Mariners Unit to:

- Check if they're liable to pay NI
- Check they're paying the correct amount of NI
- Get advice on making voluntary NI contributions
- Check the status of their employer
- Claim a refund of NI

Useful links:

[Income Tax rates & Personal Allowances - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[Register for Self Assessment - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[Self Assessment tax return help sheets - GOV.UK](#)

[YouTube self assessment help](#)

[Rules for Making Tax Digital](#)

Contact the HMRC Mariner's Unit

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Telephone: **0300 200 3300**

Textphone: **0300 200 3319**

Outside UK: **+44 135 535 9022**

Opening times:

Monday to Friday: 8am to 4pm

Closed on Saturdays, Sundays and bank holidays.

Reach out via email:

Groupmailbox.marinenics@hmrc.gov.uk

Seafarers can email HMRC Mariners Unit to ask a question about NI and working offshore, or to send information for a Mariner's National Insurance questionnaire they have already completed.

Tax & NI for Seafarers

- If seafarers are paid **gross**, i.e. without income tax and NI taken off they need to be aware and make provision to pay any tax or NI that is due
- Every time they are paid, seafarers must work out how much of this pay they need to put aside for tax and NI **before** they start spending
- It is important to put the tax and NI money into a **separate account/space**, so that they don't spend it
- There are long term consequences of not paying tax or NI

Seafarers will need to:

- Register to submit a self-assessment tax return
- **Pay national insurance on time**
- **Use an accountant** to submit their tax return if needs be, there are specialist firms
- Keep simple **records** for the accountant