

## Seafarers' Earnings Deduction

### **i** Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

This helpsheet helps you to decide if you qualify for the Seafarers' Earnings Deduction. If you do, it enables you to calculate your eligible period and the deduction to be entered in box 11 on page Ai 2 of the *Additional information* pages of your tax return. Until 5 April 2011 the deduction was only available to employees who were resident and ordinarily resident in the United Kingdom (UK). From 6 April 2011 the deduction is also available to non-UK residents who are resident in an European Union (EU) or European Economic Area (EEA) state. EU/EEA residents who wish to claim the deduction should submit Form R43M(SED) to HMRC to reclaim tax deducted under PAYE. This form is available at [www.hmrc.gov.uk/incometax/relief-ship.htm](http://www.hmrc.gov.uk/incometax/relief-ship.htm)

You can qualify for the deduction if:

- you perform all your duties on a 'ship', or
- you perform most of your duties on a ship, and the other duties are incidental to the duties on the ship.

The word, ship, is not defined in tax law, but 'offshore installations' used in the offshore oil and gas industry are specifically identified and are not regarded as ships for the purposes of the deduction. The following list of offshore installations is given as a guide only:

- fixed production platforms
- floating production platforms
- floating storage units
- floating production storage and offloading vessels (FPSOs)
- mobile offshore drilling units (drillships, semi-submersibles and jack-ups)
- flotels.

Any vessel engaged in exploitation of mineral resources by means of a well whilst standing or stationed in any waters, is an offshore installation.

If you work on an offshore installation anywhere in the world, you are not regarded as a 'seafarer' for the purposes of the deduction and your earnings for duties performed on such a vessel or structure will not qualify for the deduction. This includes earnings for duties performed in periods where the vessel or structure:

- is moving between locations
- has temporarily changed its use
- has temporarily been taken out of use.

The employment duties of a seafarer are regarded as being performed outside the UK if they are carried out on a vessel that is engaged on a voyage or part voyage which begins or ends outside the UK. For this purpose, the UK sector of the North Sea is treated as part of the UK. If you had more than one employment in the eligible period, you may only claim the deduction for those in which you performed duties outside the UK.

## How to complete the Working Sheet

An 'eligible period' is made up mainly of days when you are absent from the UK. You are absent from the UK on a particular day if you are outside the UK at midnight at the end of that day. Non-work days spent outside the UK may be counted as days of absence. A return visit to the UK can also count towards the eligible period if:

- no single return visit lasts for more than 183 consecutive days, and
- the total number of days you have spent in the UK is not more than one-half of the total number of days from your first day abroad to the last day of the period you spent abroad after that return visit.

Days spent in the UK may only be counted if they occur between periods of absence. You cannot, for example, make a claim for a period of 365 days which consists of 183 days abroad followed by 182 days in the UK.

The Working Sheet on pages 4 and 5 will show you if you have an eligible period of 365 days or more. Follow the steps set out below showing you how to complete the Working Sheet.

### **Step 1**

Enter in column A the dates you left the UK.

### **Step 2**

Enter in column B the dates you returned to the UK.

### **Step 3**

Work out columns C and D.

### **Step 4**

Is any entry in column D greater than 183? If 'Yes', go to Step 5. Otherwise, go to Step 6.

### **Step 5**

Treat the rows in the table above the entry in column D as a separate table. Rule off and start again. Treat the rows below the entry as a new table. Apply Steps 6 to 10 to each 'separate table'.

### **Step 6**

Work out columns E, F, G and H.

### **Step 7**

If there are any 'Yes' entries in column H go to Step 8. If there are no 'Yes' entries in column H, look at the last number in column E. If that number is 365 or more, you have an eligible period of 365 days or more which runs from the date in column A at the start of your table to the last date in column B. If the number is less than 365, the deduction is not due. Ignore Steps 8, 9 and 10.

### **Step 8**

Are there any 'No' entries above the first 'Yes' entry in column H? If there are, go to Step 9. If not, restart the table two rows lower and continue as if you have a new table (for example, if you arrived at this point with a table starting at A1, ignore rows 1 and 2 and start again at A3, and so on). Go back to Step 6.

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### **Step 9**

Go to the last 'No' entry above the first 'Yes' entry in column H. Look at the number in column E on the same row. If the number is less than 365, go to Step 10. If the number is 365 or more, you have an eligible period for the deduction running from the start of your table to the date in column B in the row you have been looking at in this step. To see whether there are any further eligible periods, go to Step 10.

### **Step 10**

Restart the table two rows lower and continue as if you have a new table (for example, if you arrived at this point with a table starting at A1, ignore rows 1 and 2 and start again at A3, and so on). Go back to Step 6.

Finally, look at all the eligible periods you have worked out using Steps 6 to 10. Enter in box 11 the total of the amounts received during the year ended 5 April 2012 which:

- were from an employment where you worked wholly or partly overseas, and
- were earned during the eligible period(s) calculated, minus
- any amounts earned from non-seafarer duties including earnings for periods spent working on offshore installations, and
- any contributions to registered pension schemes, allowable expenses, and capital allowances deductible from the amounts earned during the eligible period.

## **More than one employment**

If you had more than one employment during the eligible period, and the employments were with the same employer, or with employers who were associated with each other, the deduction may be restricted. If you think this may apply to you, ask us or your tax adviser for help before completing box 11.

## **Records**

You should retain your discharge book and all other documents which support your claim. Do not send them with your tax return, but you may be asked to provide them at a later date.

## **Additional information**

Enter in the Additional information box, box 20 of the *Additional information* pages the names of the ships on which you performed employment duties in the year ended 5 April 2012.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

# Working Sheet for box 11

	A	B	C
	Date of departure <i>DD MM YYYY</i>	Date of return	Days out of UK
A1	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B2	B2 minus A1
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C2 <input type="text"/>
A3	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B4	B4 minus A3
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C4 <input type="text"/>
A5	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B6	B6 minus A5
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C6 <input type="text"/>
A7	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B8	B8 minus A7
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C8 <input type="text"/>
A9	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B10	B10 minus A9
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C10 <input type="text"/>
A11	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B12	B12 minus A11
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C12 <input type="text"/>
A13	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B14	B14 minus A13
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C14 <input type="text"/>
A15	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B16	B16 minus A15
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C16 <input type="text"/>
A17	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
		B18	B18 minus A17
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	C18 <input type="text"/>

D	E	F	G	H
Days in UK	Running total of all days	Column E $\times \frac{1}{2}$	Running total of UK days	Is column G greater than column F? Enter 'Yes' or 'No' below
	C2			
	E2 <input type="text"/>			
A3 minus B2	D3 + E2		D3	
D3 <input type="text"/>	E3 <input type="text"/>		G3 <input type="text"/>	
	C4 + E3	E4 $\times \frac{1}{2}$		G3 > F4?
	E4 <input type="text"/>	F4 <input type="text"/>		H4 <input type="text"/> <input type="text"/> <input type="text"/>
A5 minus B4	D5 + E4		D5 + G3	
D5 <input type="text"/>	E5 <input type="text"/>		G5 <input type="text"/>	
	C6 + E5	E6 $\times \frac{1}{2}$		G5 > F6?
	E6 <input type="text"/>	F6 <input type="text"/>		H6 <input type="text"/> <input type="text"/> <input type="text"/>
A7 minus B6	D7 + E6		D7 + G5	
D7 <input type="text"/>	E7 <input type="text"/>		G7 <input type="text"/>	
	C8 + E7	E8 $\times \frac{1}{2}$		G7 > F8?
	E8 <input type="text"/>	F8 <input type="text"/>		H8 <input type="text"/> <input type="text"/> <input type="text"/>
A9 minus B8	D9 + E8		D9 + G7	
D9 <input type="text"/>	E9 <input type="text"/>		G9 <input type="text"/>	
	C10 + E9	E10 $\times \frac{1}{2}$		G9 > F10?
	E10 <input type="text"/>	F10 <input type="text"/>		H10 <input type="text"/> <input type="text"/> <input type="text"/>
A11 minus B10	D11 + E10		D11 + G9	
D11 <input type="text"/>	E11 <input type="text"/>		G11 <input type="text"/>	
	C12 + E11	E12 $\times \frac{1}{2}$		G11 > F12?
	E12 <input type="text"/>	F12 <input type="text"/>		H12 <input type="text"/> <input type="text"/> <input type="text"/>
A13 minus B12	D13 + E12		D13 + G11	
D13 <input type="text"/>	E13 <input type="text"/>		G13 <input type="text"/>	
	C14 + E13	E14 $\times \frac{1}{2}$		G13 > F14?
	E14 <input type="text"/>	F14 <input type="text"/>		H14 <input type="text"/> <input type="text"/> <input type="text"/>
A15 minus B14	D15 + E14		D15 + G13	
D15 <input type="text"/>	E15 <input type="text"/>		G15 <input type="text"/>	
	C16 + E15	E16 $\times \frac{1}{2}$		G15 > F16?
	E16 <input type="text"/>	F16 <input type="text"/>		H16 <input type="text"/> <input type="text"/> <input type="text"/>
A17 minus B16	D17 + E16		D17 + G15	
D17 <input type="text"/>	E17 <input type="text"/>		G17 <input type="text"/>	
	C18 + E17	E18 $\times \frac{1}{2}$		G17 > F18?
	E18 <input type="text"/>	F18 <input type="text"/>		H18 <input type="text"/> <input type="text"/> <input type="text"/>