

17 March 2004

FOREIGN EARNINGS DEDUCTION FOR SEAFARERS

Who is likely to be affected?

1. Workers on offshore installations working outside the UK.

General description of the measure

2. Foreign Earnings Deduction (FED) is a deduction from earnings from employment available to a seafarer working on a ship who has an eligible period of absence in the UK. Workers on offshore installations are specifically excluded from the relief. This measure will redefine "offshore installation" to ensure that FED remains available only to the parts of the shipping sector only for whom it is intended.

Operative date

3. 6 April 2004.

Current law and proposed revisions

4. The current definition of "offshore installation" is given by reference to legislation created for the purposes of Health and Safety, not for the Taxes Acts.

5. Changes to the Health and Safety legislation can inadvertently cause changes to FED entitlement so a free-standing definition is the best way to provide certainty and clarity in this instance. We are also taking the same approach with other instances in the Taxes Acts where offshore installation is defined.

Further advice

6. If you have any questions about this change, please contact the Foreign Earnings Deduction Team at Centre 1 Area Office on 01355 275729 or 01355 275714.

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