
SEAFARERS' EARNINGS DEDUCTION: EU AND EEA RESIDENTS

Who is likely to be affected?

1. EU and European Economic Area (EEA) residents who pay UK tax on their earnings as a seafarer. Broadly speaking, a seafarer is a person who works on a ship.

General description of the measure

2. This measure will extend the seafarers' earnings deduction (SED) to EU and EEA seafarers.
3. The Government will legislate for this measure in a Finance Bill to be introduced as soon as possible after the summer recess.

Operative date

4. The measure will have effect on and after 6 April 2011.

Current law and proposed revisions

5. SED can provide 100 per cent tax relief from the earnings for carrying out duties as a seafarer wholly or partly outside the UK during an eligible period.
6. One of the current qualifying conditions for SED is that the claimant must be ordinarily resident in the UK.
7. This condition will be extended so that seafarers who are EU or EEA residents can claim SED on their earnings as a seafarer that are liable to UK income tax. There are no other changes to the rules for SED.

Further advice

8. This measure was previously announced at the 2009 Pre-Budget Report and a version of this note was published as PBRN23. This note supersedes that version.

9. If you have any questions about this change, please contact Graham Lewis on 0121 712 8604 (email: graham.lewis@hmrc.gsi.gov.uk). Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk