

Post Implementation Review of Tonnage Tax

The tonnage tax was introduced in 2000 as part of a package of measures to revive the UK shipping industry. It is an optional regime for ship operating companies that provides a simpler means of calculating their taxable profits from the operation of qualifying ships. In addition to the taxation aspects, the tonnage tax also includes measures designed to improve seafarer training and recruitment in the industry. The Inland Revenue and the Department for Transport, Local Government and the Regions oversee different aspects of the regime. The government is committed to undertake a review of the regime after it has been in operation for two years.

There are a number of areas where specific commitments to review have already been given and where there are specific powers to alter details of the legislation by regulation or Treasury order. These are:

1. Vessels excluded from being qualifying ships.
2. Finance leasing and capital allowances – quantitative restrictions on allowances for lessors.
3. Special rules for offshore activities – vessels to which special provisions do not apply.
4. The training commitment.

Representations on the operation of the regime are invited from all interested parties, and should be sent to:

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