

Seafarers' Earnings Deduction

This Help Sheet helps you 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. The deduction is only available to employees who are resident and ordinarily resident in the UK.

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.

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.

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.

How to complete the Working Sheet

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'? 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.

Step 9

Go to the last 'No' entry above the first 'Yes' 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. (They may overlap.) Enter in box 11 the total of the amounts received during the year ended 5 April 2008 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 box 17 of the *Additional information* pages the names of the ships on which you performed employment duties in the year ended 5 April 2008.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.

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 minus A1
	B2 <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"/> <input type="text"/> <input type="text"/> <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 minus A3
	B4 <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"/> <input type="text"/> <input type="text"/> <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 minus A5
	B6 <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"/> <input type="text"/> <input type="text"/> <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 minus A7
	B8 <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"/> <input type="text"/> <input type="text"/> <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 minus A9
	B10 <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"/> <input type="text"/> <input type="text"/> <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 minus A11
	B12 <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"/> <input type="text"/> <input type="text"/> <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 minus A13
	B14 <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"/> <input type="text"/> <input type="text"/> <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 minus A15
	B16 <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"/> <input type="text"/> <input type="text"/> <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 minus A17
	B18 <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"/> <input type="text"/> <input type="text"/> <input type="text"/>

D
Days in UK

E
Running
total of all
days

F
Column E
 $\times 1/2$

G
Running
total of UK
days

H
Is column G
greater than
column F?
*Enter Yes or No
below*

C2

E2

A3 minus B2

D3

D3 + E2

E3

C4 + E3

E4

E4 $\times 1/2$

F4

D3

G3

G3 > F4?

H4

A5 minus B4

D5

D5 + E4

E5

C6 + E5

E6

E6 $\times 1/2$

F6

D5 + G3

G5

G5 > F6?

H6

A7 minus B6

D7

D7 + E6

E7

C8 + E7

E8

E8 $\times 1/2$

F8

D7 + G5

G7

G7 > F8?

H8

A9 minus B8

D9

D9 + E8

E9

C10 + E9

E10

E10 $\times 1/2$

F10

D9 + G7

G9

G9 > F10?

H10

A11 minus B10

D11

D11 + E10

E11

C12 + E11

E12

E12 $\times 1/2$

F12

D11 + G9

G11

G11 > F12?

H12

A13 minus B12

D13

D13 + E12

E13

C14 + E13

E14

E14 $\times 1/2$

F14

D13 + G11

G13

G13 > F14?

H14

A15 minus B14

D15

D15 + E14

E15

C16 + E15

E16

E16 $\times 1/2$

F16

D15 + G13

G15

G15 > F16?

H16

A17 minus B16

D17

D17 + E16

E17

C18 + E17

E18

E18 $\times 1/2$

F18

D17 + G15

G17

G17 > F18?

H18