

# Income Tax Guide for Indian Seafarer

## INCOME TAX GUIDE FOR INDIAN SEAFARER (MERCHANT NAVY)

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1. Meaning of seafarer
2. How seafarer earn
3. Income Tax on seafarer

### Meaning of Seafarer

A sailor, seaman, mariner or a seafarer is a person who navigates water borne vessels or assists as a crew member in their operation and maintenance.

Seafarer holds a variety of ranks and professions, each of which carries unique responsibilities which are integral to the successful operation of an ocean-going vessel. A common deck crew includes Captain / Master, Chief Officer/ Chief mate, Second officer/ Second mate, Able seaman, Ordinary seaman, Deck cadets etc. A common engine crew will include Chief Engineer, 2nd Engineer, 3rd Engineer, 4th Engineer (optional), Engine Cadet, Fitter, Motorman, Oiler etc. Other than this saloon staff will comprise of Chief Cook and General Stewart but the number and rank of crew members serving on a ship will vary according to the size of the vessel, trade area of the vessel, Minimum Safe Manning certificate, administration etc.

### How seafarer earns

Seafarer generally receives remuneration in the form of salaries from the companies.

### Income Tax on seafarer

The taxability of salary received by a seafarer is based on the residential status of the seafarer.



#### Resident Seafarer

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The salary received by a resident seafarer will be taxable as per the laws of the Income tax department. No special exemption is available.

Later Allow

#### Non-Resident Seafarer

The salary of a non-resident seafarer will **not** be included in the total taxable income of the seafarer.

#### Meaning of Non-Resident Seafarer

An individual is said to be Non-Resident Seafarer if he is outside India for 184 days or more during the financial year (185 days or more in case of leap year).

#### Calculation of period outside India

As per Notification No. 70/2015/ F.No.142 /12/2015-TPL, period beginning on the date entered into the Continuous Discharge Certificate (CDC) in respect of joining the ship by the individual eligible voyage and ending on the date entered into the Continuous Discharge Certificate in respect of signing off by that individual from the ship in respect of such voyage.

“Eligible voyage” shall mean a voyage undertaken by a ship engaged in the carriage of passengers or freight in international traffic where-

- (i) for the voyage having originated from any port in India, has as its destination any port outside India; and
- (ii) for the voyage having originated from any port outside India, has as its destination any port in India.

Notes:-

1. Calculation will be done in the above manner for Indian Flag Ship or Foreign Flag Ship.
2. Sum of all the period (which satisfies above conditions) should be used when there are multiple voyages in a single financial year. For example, if there are 2 voyage for a period of 100 90 days during FY 2016-17 then the period outside India will be 190 Days.
3. The period of the voyage should be calculated considering the financial year. For example, if a voyage started on 01 Dec 2016 and end on 01 May 2017 then the period outside Indian w from 01 Dec 2016 to 31 March 2017 for the FY 2016-17 & from 01 April 2017 to 01 May 2017 for the FY 2017-18.
4. Both the stamping date (starting and ending) will be considered as date outside India. For example, if the starting stamp date in CDC is 01 April 2017 and ending stamp date is 30 April ; the period outside India shall be 30 days.
5. Stamp dates on the passport are irrelevant for calculating of period outside India in seafarer cases.
6. If a ship spent time in Indian territorial waters then it will be counted as period outside Indian if it is part of the eligible voyage.

Other related things:-

1. If a person status is non-resident for one of the sources then he will be treated as non-resident for all the sources of income.
2. Interest earned on NRE saving bank account is exempt from Tax for all the individual.

**Note:-** As per Circular No. 13/2017 issued by Central Board of Direct Taxes, salary accrued to a non-resident seafarer for services rendered outside India on a foreign ship shall not be included in total income merely because the said salary has been credited in NRE account maintained with an Indian bank by the seafarer.



This circular specifically clarify if below conditions are met then the salary received will not be included in the total income of the individual

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1. Non-Resident seafarer
2. Service rendered outside India  Later  Allow
3. Foreign Ship
4. Credited to NRE Bank account

**However, it does not mean if you have received a salary from an Indian flagship then it is taxable as above circular is silent in this case. The above circular is just a clarification CBDT for a specific condition.**

**IN MY OPINION, IF YOU ARE A NON RESIDENT SEAFARER THEN THE SALARY RECEIVED SHALL NOT BE INCLUDED IN YOUR TAXABLE INCOME.**

**HIRE WRITER OF THIS ARTICLE FOR FILING YOUR INCOME TAX RETURN**

