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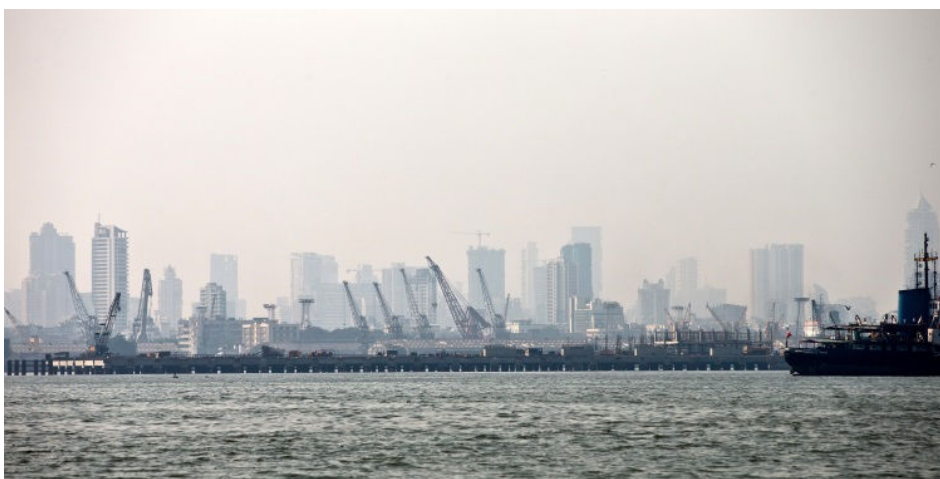
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Safety & Security

Tax rules changed for Indian seafarers

Manoj Venunath

16 September 2014



Mumbai port. Photo: PA

India's tax authorities have agreed to re-write rules for seafarers on Indian-flag ships to qualify them for non-resident status.

The move is intended to end an anomaly that is cited by local fleet-owners as the main reason for an acute shortage of seafarers to man their ships.

A seafarer serving on Indian ships outside India for a period of 182 days or more in a year is considered to be a non-resident.

However, the time spent by a ship in Indian territorial waters is considered as period of service in India. As Indian ships generally operate in Indian trades and Indian ships call frequently at Indian ports, a large number of Indian crew employed on Indian ships, though trading outside India, face difficulties in complying with the 182 days criteria for getting a non-resident Indian status.

But, Indian crew serving on foreign ships for 182 days or more are treated as non-resident, irrespective of where the ship trades (including Indian waters).

There is a continuous drift of personnel from Indian ships to foreign flag ships under the lure of higher 'take home' pay packets, without having to pay tax in India due to this un-intended differential tax treatment.

As a result, Indian flag ships that are by law required to hire only Indian crew, face an acute shortage of experienced manpower, particularly in the officers category.

The tax authorities have now decided that the period of stay of seafarers outside India is calculated on the basis of dates stamped on their passport/continuous discharge certificate (CDC) when they embark from an Indian port.

As a result, the period spent by a ship in Indian coastal waters is also taken into account for computing the non-resident status and the resultant tax concessions, said Abdulgani Y. Serang, general secretary of the National Union of Seafarers of India

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