

The Merchant Marine Industry

Question

There is a per diem of \$40/day meal allowance for my port. My ship gives me a daily allowance of \$18 but meals cost \$25. Can I deduct the \$40/day on my tax return?

Answer

You will be allowed to deduct \$7/day (\$25-\$18). That is the actual out of pocket expense that you have incurred. A per diem is allowed in each port. However, the IRS and tax court have upheld that mariners/seafarers must incur and pay expenses that exceed the ship's allowance in order to take deductions, and they must retain supporting documentation to substantiate their claim.

Question

I work on board "The World", a private residential mega yacht that is based in Florida. We sail around the world and I work for 8-9 months of the year. I have an apartment in New York. Do I have to pay New York state income tax? I have been told yes I do; and no I don't. I am not clear about my tax-filing situation.

Answer

You have made the right decision to contact us before you file your tax returns. Sailors ask us those questions all the time. Your tax home (residence) or "LEGAL DOMICILE" is in New York. Therefore, you will be required to file a New York State Tax Return. The Yacht Company (Your Employer) is based in Florida; but Your tax home / residence or "LEGAL DOMICILE" is not in Florida. It is in New York.

Question

I am a sailor onboard a merchant ship that flies a foreign flag. The ship does not berth in U.S. ports or travel in U.S. waters. I hold citizenship in the USA and the UK. I live in the UK with my wife and children and I haven't traveled to the USA or lived there last year. Do I have to file a U.S. Income Tax return?

Answer

You are a U.S. citizen and you are required to file a U.S. tax return every year. U.S. citizens are generally taxed on their worldwide income. Also, income earned by a U.S. citizen sailing in international waters is considered U.S. income regardless of where the sailor/seafarer lives. However, you are qualified for the Foreign Earned Income Exclusion and/or the foreign tax credits for taxes that you have paid in the UK.

Are you ready to become a client? *If you are still not convinced that we are the right fit for your specific need, then let me ask you 4 questions:*

Questions

- 1) How many Merchant Marine Tax Accountants do you know who have received testimonials from ship captains?**

- 2) How many Merchant Marine Tax Accountants do you know who have actually worked in this industry (hands-on experiences), and prepared over 400 tax returns for Captains, AB men/Boatswain, Chief Engineers, Cooks and Sailors and studied the intricacies of this industry by taking annual continuing education courses with Maine Maritime Academy, Castine, ME; and The Maritime Institute, San Diego, CA?**

- 3) How many Merchant Marine Tax Accountants do you know who can talk to you in-depth about this industry and resonate with your academic background and merchant marine or seafarer's experience?**

- 4) How would you choose a Merchant Marine Tax Accountant who is right for you?**

Are you ready to become a client? Let's get started. Call us or send us an e-mail. We will help you keep money in your pocket and put a smile on your face. My name is Clem Barry.