



Estd 1939

THE MARITIME UNION OF INDIA

Registered Trade Union No. BY-II-198-A Founded : 3-12-1939

Head Office : Udyog Bhavan, 4th Floor, 29, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 001 INDIA

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AFFILIATED TO : The International Transport Worker's Federation (ITF), and Hind Mazdoor Sabha (HMS)

06 February, 2020

Smt. Nirmala Sitharaman
Finance Minister
15, Safdarjung Road
New Delhi

Respected Madam

Subject : Finance Bill 2020 : Request to have clarification regarding NRI period and taxation of MERCHANT NAVY SEAFARERS

We are India's only Merchant Navy Officers Union, established in the year 1939, having 50,000 members. We are affiliated to International Transport Workers Federation (ITF), London and Hind Mazdoor Sabha, New Delhi.

Based on the Finance Bill 2020, there is an imperative need to have clarification regarding the precise application of new provisions to Merchant Navy Seafarers
Since at present, there is uncertainty, apprehension is prevailing :

- 1) Applicability of 240 days to qualify as NRI in place of currently existing rule of 182 days :**
An overwhelming majority of our Indian Seafarers of the Merchant Navy sail for certain number of months in a year outside Indian waters on foreign owned / flagged ships.

Currently, by virtue of sailing for 182 days in a financial year, they qualify as NRIs, as their income is remitted through foreign based companies in their NRE account, and therefore, tax is not applicable.

WOULD THE REVISED PERIOD OF 240 DAYS BE APPLICABLE TO SUCH SEAFARERS ?

If Yes, adverse implications are expected. At present, India has a pool of around 2.5 lakh seafarers. Because of their professionalism and seafaring abilities, they are sought after by the worlds ship owners and ship managers. This is in spite of very stiff competition from seafarers from countries considered to be seafaring nations, such as Philippines. India has to compete with seafarers from Ukraine, Singapore, Bangladesh, Pakistan and many others. At present, shipping industry is already facing an extremely depressed commercial scenario. Any increase in the number of days to qualify as NRI will create an imbalance in the scope for employment for our seafarers.

- 2) Payment of tax even if a seafarer qualifies as NRI, in view of the new regulation which states that an Indian citizen shall be deemed to be a resident in India if he is not liable to be taxed in any country or jurisdiction and such citizen shall be deemed to be liable to pay tax in India.**



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Because of the peculiar nature of seafaring profession, Indian Seafarers work on ships which travel around seas and ports of various countries on foreign owned/flagged ships. An overwhelming majority of Indian seafarers sail for certain number of months in a year. Their monthly income is remitted through foreign based companies in the NRE Account in any Indian bank, and therefore tax is not applicable.

AT PRESENT, THERE IS UNCERTAINTY, APPREHENSION AND ABSENCE OF CLARITY RELATED TO THIS ABOVE ASPECT.

Therefore, we would like request full and final clarification for both the above two points, issued through a circular from your good office, specifically addressing Indian Merchant Navy Seafarers. We feel that this is THE need of the hour, to put an end to the speculation which is currently prevailing in our shipping industry.

We have received support from Central Board of Direct Taxes, which is under Ministry of Finance in the year 2017 in the form of issuance of Circular No. 13/2017 clarifying liability to income tax in India for non-resident Seafarers receiving remuneration in NRE account maintained with an Indian bank, which we are attaching.

The Maritime Union of India looks forward to speedy issuance of an unequivocal Circular to clearly define the above two provisions.

Best Regards

Amar Singh Thakur

General Secretary

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Copy to :

- 1) Honourable Minister for Shipping, Shri Mansukh L. Mandaviya
- 2) Shri Amitabh Kumar – IRS - Directorate General of Shipping
- 3) Foreign Owners Representatives and Ship Owners Association (FOSMA)
- 4) Maritime Association of Ship Owners, Ship Managers and Agents (MASSA)
- 5) Indian National Ship Owners Association (INSA)
- 6) Chairperson : Central Board of Direct Taxes (CBDT)