



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

Foreign earnings deduction

63 Withdrawal except in relation to seafarers

- (1) Section 193(1) of the Taxes Act 1988 (Schedule E foreign earnings deduction) shall cease to have effect.
- (2) Before that section insert—

“192A Foreign earnings deduction for seafarers

- (1) Where in any year of assessment—
 - (a) the duties of an employment as a seafarer are performed wholly or partly outside the United Kingdom, and
 - (b) any of those duties are performed in the course of a qualifying period (within the meaning of Schedule 12) which falls wholly or partly in that year and consists of at least 365 days,then, in charging tax under Case I of Schedule E on the amount of the emoluments from that employment attributable to that period, or to so much of it as falls in that year of assessment, there shall be allowed a deduction equal to the whole of that amount.

Status: This is the original version (as it was originally enacted).

- (2) In subsection (1) employment “as a seafarer” means an employment consisting of the performance of duties on a ship (or of such duties and others incidental to them).
- (3) For the purposes of this section a “ship” does not include—
 - (a) any offshore installation within the meaning of the Mineral Workings (Offshore Installations) Act 1971, or
 - (b) what would be such an installation if the references in that Act to controlled waters were to any waters.
- (4) Schedule 12 has effect for the purpose of supplementing this section.”.
- (3) The references in the Taxes Act 1988 to section 193(1) are amended as follows—
 - (a) in section 19(1), in Case I of Schedule E, omit the words from “and to section 193(1)” to the end;
 - (b) in paragraph 10 of Schedule 11, after “193(1)” insert “or 192A”;
 - (c) in section 132(3) and paragraphs 1, 1A, 2(1), 3(1) and (3), 5 and 6 of Schedule 12, for “193(1)” substitute “192A”.
- (4) In Schedule 12 to that Act—
 - (a) in paragraph 3(2) (qualifying periods)—
 - (i) in paragraph (a) for “62” substitute “183”, and
 - (ii) in paragraph (b) for “one-sixth” substitute “one-half”;
 - (b) in paragraph 5 (duties treated as performed outside the United Kingdom)—
 - (i) for “vessel or aircraft” substitute “ship (within the meaning of section 192A)”, and
 - (ii) in paragraphs (a) and (b) for “voyage or journey” substitute “voyage”.
- (5) Subsections (1) to (4) above have effect in relation to—
 - (a) emoluments attributable to qualifying periods beginning on or after 17th March 1998, and
 - (b) emoluments attributable to qualifying periods beginning before 17th March 1998 which are received on or after that date.
- (6) Nothing in those subsections affects the question what deduction (if any) falls to be made under section 193(1) of the Taxes Act 1988 in the case of emoluments attributable to a qualifying period beginning before 17th March 1998 and received before that date.
- (7) For the purposes of subsections (5) and (6) above the question whether emoluments are attributable to a qualifying period beginning before 17th March 1998 shall be determined without reference to any arrangements entered into on or after that date.