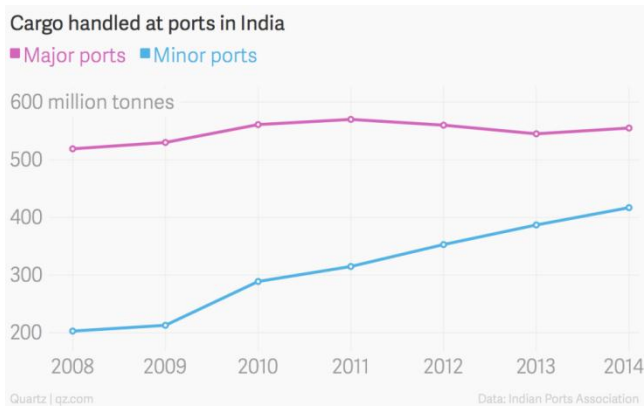


Title: Indian Seafares may get tax exemption

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Budget proposals unveiled by finance minister Arun Jaitley (pictured) include a directive to rationalise computation of income tax paid by Indian seafarers serving on Indian-flag ships overseas

Indian seafarers may finally obtain an exemption from income tax bringing relief to domestic shipping companies struggling with inflated wage bills.

Budget proposals for 2015-16 unveiled by finance minister Arun Jaitley in parliament on Saturday include a directive to the Central Board of Direct Taxes to rationalise computation of income tax paid by Indian seafarers serving on Indian-flag ships involved in overseas voyages. Indian crew serving on foreign vessels involved in overseas trade from an Indian port to a foreign port, however, are not required to pay tax. The Indian National Shipowners' Association has been making repeated demands to the government to resolve this 'anomaly', providing the same concession to its seafarers manning Indian ships in the interests of providing a 'level playing field'.

To attract and retain crew on Indian vessels, owners have been forced to hike wages as much as 30% to match what the seafarers get in terms of equivalent net take-home pay as on foreign vessels.

"One of our demands has been met," INSA chief executive officer, Umesh C Grover, told IHS Maritime, adding that it was still too early to assess the financial implications of the directive. "Let's wait and watch."

Maritime analyst Anand Sharma, director of Mumbai-based Mantrana Maritime, is however, upbeat. "This has sent a very positive signal to the maritime industry," Sharma told IHS Maritime referring to the directive to rationalise seafarers' wages. "Crew costs constitute nearly 30% of the overall costs to owners so the measure will have a significant impact," he commented.

Jaitley also emphasised the government's intention to corporatise the country's 12 'major' ports including Mumbai, JNPT, Kolkata, and Chennai. The move is aimed at granting greater autonomy to help speed up decision-making at ports that are controlled by the government and run by a board of trustees.

In recent years the cargo base of major ports has been eroded gradually by privately run ports such as Mundra in Gujarat. Corporatisation is seen as facilitating implementation of expansion and modernisation projects. While welcoming the move, Sharma pointed out that a time-frame had not been announced. "Corporatisation could be a long, drawn-out process as dockers are vehemently opposed," he noted. Unions have called for an indefinite strike at major ports from 9 March to protest corporatisation.