

22 July 2003

Greater attention has recently been brought to bear on mariner's National Insurance contributions and a department dealing specifically with this has been set up within the Cardiff Marine Tax Office.

A liability to Class 1 National Insurance occurs if you are working on vessels registered, owned or managed in Britain or the Isle of Man *regardless* of where your employers are based.

Conversely, if the person paying your wages is not based in the UK but you have paid Class 1 National Insurance and the vessels you have been working on are not registered, owned or managed in Britain or the Isle of Man it is possible a rebate of contributions may be due to you. Through the course of a year there may be some periods where a liability occurs and some where there is none. A claim for a refund is possible for part years.

We have been monitoring the situation closely over recent months and have been in discussion with the Revenue as we believe the liability has not been made clear to mariners and indeed, many mariners were misinformed of their liability by the Revenue. Nevertheless, it is the individual's responsibility to pay the correct contribution. The Revenue has the ability to look back over the past six years however we believe there may be a window of opportunity to come forward now to limit any liability to the 2002/03 tax year onwards, although there is no guarantee.

Class 1 National Insurance (10% of income between the primary threshold of £4,628 and upper limit of £30,420 for the 2002/03 tax year), will provide unemployment benefit, sickness and incapacity benefits and contribute towards your state retirement pension.

If you are not liable for Class 1 but would like to pay Mariner's Class 2 contributions, currently £2 per week, these will provide sickness and incapacity benefits and contribute towards your state retirement pension.


If you wish to pursue a rebate of National Insurance contributions, or believe you are liable for Class 1 contributions and would like to address this, please complete the attached Mariner's National Insurance Questionnaire and return to us for forwarding to the Revenue.

We look forward to hearing from you.

With best wishes,

Yours sincerely



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