
Tax Information for Crewmen on Commercial Fishing Boats

Paying your taxes

The Internal Revenue Service (IRS) usually considers crewmen on fishing boats self-employed. You are considered self-employed if

- you are an officer or crew member of a boat that normally has a crew of fewer than 10 people;
- you receive no cash pay other than a share of the boat's catch;
- your share depends on the amount of the catch.

Therefore, there are *no* withholdings from your crew share for federal/state income taxes and Social Security. It is your responsibility to file federal and state tax returns and pay the taxes you owe. Depending on total yearly income and your deductions and exemptions, the amount you have to pay in taxes could be from one-quarter to one-third of your gross income.

Crew share you receive = GROSS INCOME

Amount you pay taxes on = NET TAXABLE INCOME

To minimize financial stresses at tax time, each time you are paid, *set aside some money* to pay your taxes.

Using IRS Form 1099

The boat owner who pays you is required to send IRS Form 1099 to you by January 31 and to the IRS by February 28. This form reports the amount of money you were paid. If your mailing address has changed during the year, be sure that all boat owners you worked for during the year have your correct mailing address.

Save all your settlement sheets for the year. When you receive a Form 1099, check to see that the Social Security number and dollar amounts are listed correctly. If there are errors, promptly notify the person who issued your Form 1099.

Keeping good records

Keeping good records can help minimize your taxes. Many of the expenses you incur while fishing are deductible, reducing your taxable income and the taxes owed. Keep records and receipts for use at tax filing time. Keep your settlement statements and records of the money you spent on deductible expenses. Money you spent on the job equals deductible expenses.

The following are examples of deductible expenses:

- Gear and supplies, including rain gear, gloves, and boots
- Licenses
- Business telephone
- Airfare and travel expenses to and from port
- Out-of-port lodging and meals
- Boat expenses such as galley provisions, fuel, and unloading fees (if taken directly from your share)

Getting tax advice

If you are unfamiliar with tax filing and deductible expenses, get advice from an accountant or tax preparer who is familiar with the fishing industry. Your coworkers or the boat owner may be able to help you locate competent tax advice.

- ◆ **Don't wait until it's time to file to seek tax advice. As soon as you know you will have income from fishing, talk with a tax advisor. Find out what records to keep, the date taxes are due, and whether you are required to make estimated tax payments.**

If in past years you have had taxable income and have not filed tax returns, find an accountant familiar with the tax issues of fishermen and begin dealing with the issue. Ignoring or denying tax issues will compound your problems.

- ◆ **For more information, see *Tax Highlights for Commercial Fishermen*, IRS publication 595. To order, call the IRS at 1-800-829-3676. Or if you have access to a computer and modem, you can visit the IRS's Web site to obtain forms at <http://www.irs.ustreas.gov>.**

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