



The Fishing Families Project

Tax Information for Crewmen on Commercial Fishing Boats

Crewmen on fishing boats are usually considered self employed by the Internal Revenue Service (IRS).

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 $\frac{1}{4}$ to $\frac{1}{3}$ 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.

IRS Form 1099

The boat owner paying 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.

Good records can help minimize 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 = DEDUCTIBLE EXPENSES

Examples of deductible expenses are:

- 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)



ORESUG-97-006
Oregon Sea Grant
Oregon State University

Revised February 1997

This publication was funded by Oregon Sea Grant through NOAA, Office of Sea Grant and Extramural programs, U.S. Department of Commerce under grant no. NA36RG0451 (Project No. A/FDF-1). Oregon Sea Grant is based at, and receives additional support from, Oregon State University, a Land Grant, Sea Grant, and Space Grant institution funded in part by the Oregon legislature.

The Oregon State University Fishing Families Project is funded by, and is a partnership of, Oregon Sea Grant and Oregon State University Extension Service. It serves fishing communities along the coast from northern California to southwest Washington. For more information contact: (North Coast) Dyan Hartill, 503/325-7372; (Central Coast) Connie Kennedy, 541/574-0882; (South Coast) Linda Stagg-Brown, 541/469-8890.

Get 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 is 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 Guide for Commercial Fishermen*, IRS publication 595. To order, call the IRS at 1-800-829-3676 between 7:30 a.m. and 5:30 p.m. weekdays. Or if you have access to a computer and modem, you can visit the IRS's Internet Web Site to obtain forms at <http://www.irs.ustreas.gov>**

Prepared by Alice Mills Morrow, Extension family economics specialist, Oregon State University.



This publication was produced and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914. Extension work is a cooperative program of Oregon State University, the U.S. Department of Agriculture, and Oregon counties. Oregon State University Extension Service offers educational programs, activities, and materials—*without regard to race, color, religion, sex, sexual orientation, national origin, age, marital status, disability, and disabled veteran or Vietnam-era veteran status*—as required by Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973. Oregon State University Extension Service is an Equal Opportunity Employer.

