

Analysis of the Preferential Policy of Collecting Seafarer's Personal Income Tax

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Abstract: In the context of "building a maritime power" and "building the 21st Century Maritime Silk Road", China's shipping industry is facing a severe challenge, that is, a large number of seafarer loss. The main reason for the loss of seafarers is that the income gap between ship and shore is obviously narrowed or even inverted. The income of seafarers no longer has a comparative advantage, which leads to the decline of seafarers' occupational attraction. The reduction of individual income tax is the most direct and effective way to increase the actual income of seafarers and rebuild their professional attraction. Based on the analysis of the feasibility and necessity of individual income tax exemption and exemption for seafarers, and combining with the existing domestic and foreign seafarers' individual income tax exemption and exemption policies, this paper puts forward some suggestions on the preferential tax policies, in order to be beneficial to the formulation of the policies.

Keywords: seafarer; individual income tax; necessity; preferential tax policy

1. Introduction

Seafarer is a special kind of profession, often bear loneliness to be far from their loved ones, long-term war ventilator waves at sea, such as typhoon, tsunami sea condition bad moments threaten the ship navigation safety, and piracy events such as emerge in endlessly, the seafarer this career with great responsibility and risk, must always maintain the working state of nervous and mental state . Because of the particularity and danger of the seafaring profession, most seafaring countries in the world guide the talents to the seafaring ranks by formulating relatively large tax preferential policies for their own seafarers. Although there are relevant tax preferential policies for seafarers in China, they still have no obvious supporting effect on seafarers. The adjustment of individual income tax exemption for seafarers and the increase of reduction and exemption are effective means to improve seafarers' working enthusiasm and attract high-end shipping talents [1].

2. Necessity and Feasibility of Increasing Tax Incentives for Seafarers

2.1. Requirements for Reducing Shipping Costs, Promoting the Implementation of Shipping Policies and Building a Shipping Power

In 2012, the report to the 18th CPC National Congress clearly put forward the strategy of "building China into a maritime power". In October 2013, when the central leadership visited ASEAN countries, it proposed to "build the 21st Century Maritime Silk Road". The ocean is a natural link for economic, trade and cultural exchanges among countries. The building of the "21st Century Maritime Silk Road" is a new trade road connecting China with the world under the changing global political and trade patterns. The building of the 21st Century Maritime Silk Road is a powerful driving force for China's deepening reform and industrial upgrading. "Much starker choices-and graver consequences-in" period in the development of our country environment, conditions, and the task will have new change, new normal economic development Liang Ying have a profound impact on the navigation, the development of the seafarer of our country also puts forward new requirements, the seafarer in the construction of sea power and service all the way "area", the Yangtze River economic belt will play more important role in the national strategy. Several Opinions of the State Council on Promoting the Healthy Development of the Marine Industry stated that it is necessary to "improve the personnel training system and mechanism of the Marine industry, strengthen the construction of the contingent of seafarers, especially senior seafarers, and vigorously cultivate professional and international maritime talents". Seafarers should be developed in line with national strategies and the new requirements of shipping development, so as to better play a supporting role. Seafarer cost is still the most important factors affecting shipping development, is the cause of operating costs increase, seafarer personal tax relief can reduce the operation cost of shipping company directly, reduce the economic pressure, and can provide good social security environment for the seafarer development, can push forward the implementation of shipping policy, promote the establishment of the shipping power.

2.2. Requirements for Improving the Working Enthusiasm of Seafarers

Due to the high risk of working at sea, the life of the

seafarer was so boring that many of them gave up their jobs on the ship and landed instead. Although with the rapid development of science and technology, the level of ship equipment construction is getting higher and higher, but its high risk is incomparable to most land work. Working on a ship may encounter all kinds of risks and accidents at any time. Collision, grounding, water inflow, sinking ship and piracy all the time threaten the life and property safety of the seafarer, and shake the professional confidence of the seafarer. Seafarers work at sea for a long time, life is monotonous and boring, information is blocked, and they are separated from society, which makes seafarers not only suffer from hard material conditions, but also suffer from inner loneliness and homesickness, as well as the influence of family, marital feelings and children's education problems. Due to the particularity of sea work, the seafarers are often subjected to severe weather such as strong wind and big waves, resulting in physical discomfort such as seasickness, which also affects their physical and mental health to some extent. In addition, with the continuous development of ship size, specialization, high speed and automation, higher requirements have been put forward for the comprehensive quality and professional skills of seafarers, and the corresponding work pressure of seafarers is also increasing.

In the early years of reform and opening up, and before that, China's living standards were low and information was blocked. Seafarers can not only have the opportunity to go abroad to broaden their horizon, but also earn several times the average income of the urban population at that time, and enjoy the special customs policies. Therefore, they have a strong sense of professional honor, and the special preferential policies have a strong guiding role for shipping talents.

In fact, in recent 20 years, compared with the rapid increase in income of other occupations in land work, the income growth rate of seafarers is relatively slow, and the difference between ship and shore is rapidly reduced. Meanwhile, the proportion of income tax paid by seafarers is gradually increasing. It can be seen from the changes in the amount of individual income tax exemption in China over the years that although the amount of individual income tax exemption for seafarers has been adjusted in China, according to the current tax policy, not only most seafarers need to pay tax, but some seafarers with higher positions have a very high tax amount. From the perspective of individual tax exemption, seafarers lack obvious advantages over other professions. In 1999, the income tax exemption for land-based personnel was 800 yuan, and that for ocean-going sailors was 4,000 yuan. In 2006, land-based personnel were exempted from individual income tax of 1,600 yuan and ocean-going seafarer of 4,800 yuan. In 2008 and 2011, the income tax exemption was increased to 2,000 yuan for land workers and 3,500 yuan for ocean-going seafarer, but remained at 4,800 yuan for ocean-going seafarer. After the four adjustments of the tax exemption, the comparison results of the tax exemption for seafarers and land personnel are

respectively 400%, 200%, 140% and 37.1%. It can be seen that the preferential range of seafarers' personal income tax has not been increased, but has shown an obvious trend of narrowing [2]. The implementation of the new tax law in 2019 increases the monthly income tax exemption for both land workers and seafarers to 5,000 yuan, which seems to enhance the strength of the preferential income tax. However, seafarers, as a special profession, will no longer enjoy additional deductions and expenses, which is not conducive to the orderly development of China's shipping industry.

According to statistics, the seafarer profession is no longer attractive when the shore income is less than 5-6 times. Moreover, the more developed countries and regions are, the less people are willing to work on a ship. Therefore, increasing the exemption of individual income tax for seafarers can open up the salary gap between seafarers and those working on land, improve the attractiveness of seafarers to all kinds of talents, especially high-end talents, and motivate existing seafarers to work [3].

2.3. In Line With the Spirit of International Convention Legislation Requirements

The Maritime Labour Convention 2006 (MLC 2006) was unanimously approved by the ILO on February 27, 2006, and the conditions for its entry into force were met on August 20, 2013. In 2015, the 16th session of the Standing Committee of the 12th National People's Congress approved China's accession to the 2006 Maritime Labor Convention. The Convention covers the minimum requirements for seafarers to work on board the ship, conditions of employment, accommodation, recreational facilities, food and catering services, health protection, medical treatment, welfare and social security, compliance and enforcement, etc. The adoption of the Convention is conducive to improving the welfare and treatment of seafarers around the world, establishing a unified working system and making contributions to the integration of global economy and trade.

On 11 April 2014, the first amendment to the Maritime Labour Convention 2006, proposed jointly by the representatives of shipowners and seafarers, was adopted at the first meeting of the Tripartite Special Committee and approved by an overwhelming vote of approval at the 103rd International Labour Conference on 11 June 2014, in accordance with the procedural requirements of Article XV of the Convention, it will take effect on January 18, 2017. The main content of the amendment revolves around the implementation of the "financial guarantee system for repatriation and the financial guarantee system for shipowners' liability", and amends the Convention's Rules 2.5 for repatriation and 4.2 for shipowners' liability. This amendment, while further safeguarding the basic rights of seafarers, will have a significant impact on the performance of the contract by the competent authorities of flag states and shipowners. It further protects the rights and interests of the seafarer.

With the deepening of the reform and opening up, the wages of seafarers in China have been greatly increased,

but there is still no internationally accepted preferential policy in terms of individual tax, and the preferential policy of reducing or reducing seafarers' individual tax burden is in line with the legislative spirit of the 2006 Maritime Labor Convention.

2.4. The Feasibility of Increasing the Level of Preferential Income Tax for Seafarers

By the end of 2020, China had 1,716,866 registered seafarer members, including 808,183 on sea-going ships and 908,683 on inland ships, up 3.5 percent, 3.0 percent and 3.9 percent, respectively, from 2015, according to a white paper released by the Ministry of Transport to the public. According to the research report "2019-2025 China Labor Market Analysis and Development Trend Forecast Research Report" by China Research Institute, China's national labor population is about 900 million, so the reduction of individual tax on seafarers, especially senior seafarers, will not affect the country's overall fiscal revenue.

3. Comparison of Relevant Policies on Tax Incentives for Sailors at Home and Abroad

3.1. The New Changes of the Rules on the Collection of Seafarer's Income Tax in China

The individual income tax law, the regulations for the implementation of individual income tax, the tax collection and administration law (promulgated on April 28, 2001) and the regulations on the collection and administration of individual income tax issued by Chinese tax authorities at all levels constitute the main legal basis of the current individual income tax law of China and the legal basis of the current individual income tax system for seafarers. For individual income tax collection of seafarers, there are different regulations before and after 2019. Before 2019, there are different regulations for individual income tax collection of coastal seafarers and international seafarers. That has no domicile within the territory of China obtains the income from wages and salaries in the territory of China shall be the taxpayer and in the territory of China and outside China for income from wages and salaries of the taxpayer, can according to their average income level, living standard and the change of exchange rate is to determine the additional deductions for expenses, applicable scope and the additional deductions for expenses standards shall be formulated by the State Council. As stipulated in Article 29 of the "Individual Income Tax Law of the People's Republic of China", the additional deduction of expenses refers to the standard of 1,300 yuan on the basis of the deduction of 3,500 yuan per month. This provision of the Regulations is a preferential policy on the amount of individual income tax exemption for international seafarers. In addition, for the individual income tax of international seafarers, China implements the tax preferential policy of "calculating by year and paying in advance by month". Offshore seafarers are the same as those on land. After 2019, the individual income tax exemption will be set at RMB 5,000 per month, while the seafarers will no longer be entitled to special additional

and deductible expenses.

According to shipping information net released in April 2021 seafarer wages reference table, it can be seen that although the international seafarer wages than coastal seafarer a little higher, but the actual income and outlays international seafarer of the ship for a long time is proportional to the workload, and coastal seafarer, apart from a few senior seafarer wages compared to higher land force, but most of the work post and land. The difference of the national individual income tax preferential policy has been reduced to 1.37 times from the previous five times of the threshold. After the revision of the new tax law in 2019, it is even adjusted to the same, and the unified tax method of "paying tax on an annual basis and paying in advance on a monthly basis" is implemented. Seafarers no longer enjoy special preferential policies in terms of individual income tax policy. In the case of the same wages and different workloads for seafarers and land personnel, plus the strength of China's current seafarers' individual income tax preferential policy is not enough to change this situation, leading to a large number of seafarers will choose to abandon the sea and land.

3.2. Analysis of Preferential Tax Policies for Foreign Seafarers

Most of the developed maritime countries in the world have implemented a relatively large amount of individual income tax reduction and preferential policies for their own seafarers. For example, Singapore stipulates that the exemption amount is S \$20,000, and implements the six-step progressive tax rate of 4%~22%, which is exempted for ships serving for more than half a year in international navigation. French resident seafarers who have worked on a qualified ship (the ship is registered with the French International Registration Center) for at least 183 consecutive days in a 12-month period and whose salary income is exempt from tax; Sweden exempts seafarers from individual income tax; Norway created the world's first international ship registration system in 1987, under which seafarers are exempt from income tax. South African resident seafarers are exempted from personal income tax if they have travelled outside their home country for more than 183 days during an assessment year; Seafarers who live abroad for a long time and sail abroad for more than 183 days in the year of assessment can obtain 100% tax Deduction, referred to as "Seafarers' Earnings (SED)", which is equivalent to not paying individual income tax [4]. An Australian resident seafarer who has worked for more than 90 days in a tax year on an eligible vessel engaged in international shipping shall be exempted from income tax; In the case of a shipping company which has established a permanent establishment in the territory of the Netherlands, 38% of the tax payable on the seafarers to whom it belongs shall be reduced; Greece implements the excessive progressive tax rates of 0%, 10%, 18%, 25%, 35%, 38%, 40% and 45%, but in order to promote the development of the maritime industry and protect the interests of seafarers, through the amendment of the tax

law, the senior and junior seafarers are specially set up 3% and 1% low individual income tax rates. In Japan, income earned on land is taxed, but subsidies paid at sea are not. The exemption amount is determined according to the actual situation, on which a cumulative tax rate of 13%~50% is set.

Therefore, maritime powers in the world generally implement the tax preferential policy of exempting or exempting individual income tax for seafarers. On the surface, these preferential tax policies are personal tax incentives given to seafarers considering the particularity of seafarers' occupation and their hard labor. However, on a deeper level, they can be understood as subsidies and support for shipping companies in these countries to develop Marine strategies and maintain their status as a maritime power.

Through comparative analysis of the seafarer of the income tax preferential policies at home and abroad, it can be seen in the context of international shipping competition, shipping companies as the main body of market competition, the pursuit of the maximization of enterprise profit, cannot be indefinitely improve the wages and salaries of the seafarer, seafarer can only follow the rhythm of the market to pay a certain competitiveness. In the case of limited space for salary increase, the actual income of seafarers can only be increased by reducing the tax burden. Due to the existence of preferential tax policies, the seafarers of these countries can get more real income than those of our country when they pay the same salary. In other words, under the condition that Chinese seafarers and seafarers of these countries and regions get the same actual income, shipping companies of these countries only need to pay less salary cost. Therefore, shipping companies in countries with preferential tax policies for seafarers will be more competitive internationally because of lower costs on the one hand; On the other hand, the country's preferential policies for seafarers have enhanced their sense of professional honor, thus enhancing the attractiveness of seafarers' occupation and promoting the sustainable and healthy development of the shipping industry.

4. Suggestions on Perfecting the Preferential Tax Policies for Seafarers

To promote the prosperity and development of the shipping industry, improve the career attractiveness of seafarers, and protect the individual rights and interests of seafarers is a systematic project involving many aspects and all-round policies such as economy, law, education, etc. Although the perfection of seafarers' tax preferential policies is only a part of this project, it has a great influence.

4.1. Increase the Amount of Individual Income Tax Exemption for Seafarers

Increasing the amount of individual income tax exemption for seafarers is in line with the purpose of benefiting the people. From 2012 to 2016, the proportion of China's individual income tax in the total tax revenue

has increased year by year, from 5.8% in 2012 to 7.7% in 2016. In addition, the proportion of China's individual income tax has also accelerated year by year, with the price indexes of "food, clothing, housing and transportation" rising year by year. The exemption of 5000 yuan may be suitable for ordinary land staff, but it is still a drop in the bucket for seafarers, which is not enough to improve the plight of labor devaluation in seafarers. The author believes that the exemption of 5000 yuan for the whole social staff makes ordinary workers enjoy more preferential policies, but for the seafarer, it narrows the preferential gap between the seafarer and ordinary road workers, and further reduces the attractiveness of the seafarer's work. Therefore, it is necessary to increase the preferential income tax for seafarers and other special professions.

4.2. Individual Income Tax shall be Exempted for Qualified Seafarers

Wages and salaries constitute the main part of seafarers', labor income. It is an internationally accepted practice to exempt seafarers who have sailed for more than 183 days abroad from individual income tax in the tax year, which also conforms to the actual situation of seafarers in China [5]. According to the Collective Agreement for Chinese Seafarers, the continuous working period of Chinese seafarers on the ship is generally not more than eight months. Therefore, for those who spend more than 183 days on the ship, the individual income tax on wages and salaries is exempted, which can not only enable most sailors to enjoy the treatment of income tax exemption, but also enhance the enthusiasm of sailors to sail on the sea.

4.3. Try to Return the Difference of Seafarer's Income Tax

In addition to the deduction and exemption of individual income tax for seafarers, some scholars put forward the refund system for the difference of seafarers' tax, and the author thinks it is reasonable [6]. The difference refund system is different from the tax deduction and exemption system. Tax deduction and exemption is a way of directly taxing seafarers' personal income, while the difference refund is a way of collecting seafarers' personal income tax first and then refunding it to seafarers. This kind of refund is not to be returned in the form of cash, but to use the collected tax to invest in the construction of the seafarer. If it is not possible to directly legislate to increase the reduction of income tax levied on the seafarer, we can try to return the difference of income tax on the seafarer as a transitional stage [7-8].

5. Conclusion

"Construction of the Marine power" and the construction strategy of "Marine silk road" in the 21st century will bring the global shipping industry, the development of new opportunities, pay more attention the seafarer special groups, improve the seafarer of the income tax it breaks, improve the seafarer's actual labor income, will be more conducive to the stable seafarer

personnel in our country, enhance the international competitiveness of shipping enterprises in our country, So that China's shipping industry in the international shipping competition in a favorable position.

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