

Dear

Thank you for your interest in the new payroll company, Meridian Services Overseas Limited, (MSOL) Jersey. This has been set up to employ mariners who are at risk of losing their Seafarer's Deduction as frequently they are not formally employed.

As MSOL is a genuine overseas company its offshore status protects mariners from the operation of UK PAYE and National Insurance. The only circumstances where the Mariner will have to pay National Insurance is where he or she works on a GBI registered ship or possibly on a ship which is allegedly owned and managed in the UK.

As we need to monitor your National Insurance exposure and your seafarer's claim, it is a condition that you are a client of Meridian Taxation Services Limited (MTS) in the UK to ensure that on an on-going basis you fulfil the criteria on which MSOL is set up.

Meridian Services Overseas Ltd (MSOL) will act as your employer and there will be a proper employment contract put in place. You will submit details of hours worked to MSOL who will in turn bill either your agent or the contractor. When payment is received MSOL will pay you less a handling charge of 3½% of the invoice. The retention of 3½% is necessary to recover the costs of operating the company. However I anticipate that as MSOL grows it will be able to pass on economies of scale by a reduction in the retention. MSOL is not designed to make a profit but to offer protection to existing mariner clients and to future clients from increasing revenue scrutiny.

Meridian Taxation charges a one off introduction fee to MSOL of £250 + VAT which is designed to recover set up costs. In addition MTS charges an annual fee currently set at £175 per annum inclusive of VAT for monitoring your seafarer's deduction and the preparation of the related part of your tax return. Any additional costs relating to rental income or other sources will be charged at an hourly rate, currently £95 for a senior tax consultant and £65 for assistants.

NORWEGIAN TAX AND NATIONAL INSURANCE

I thought it might be helpful if I reiterated the rules regarding the above.

1. **Tax.** As you will be aware if you work on board vessels operating on the Norwegian Continental Shelf you are liable to pay Norwegian Tax on your earnings for the period of the voyage in Norwegian waters. As an employee of MSOL you must tell them the days that you spend in Norway so that they can arrange to deduct the tax from your earnings and pay it over to the Norwegian Tax Authorities.

Subsequently MTS will arrange to submit a Norwegian Tax return with a view to hopefully reclaiming some of the tax suffered. An additional fee will be charged for this service.

2. **National Insurance (NI).** If you work on a ship registered on the Norwegian register of ships or on the Norwegian continental shelf I want to alert you all that jobs on board vessels will result in substantial deductions being made to your salary as Meridian Services Overseas Ltd will be forced to deduct employers National Insurance of 14.1% and employee National Insurance of 7.8%.

We would expect either the agency or contractor to provide any necessary insurances for you as MSOL do not provide this as part of the employment package. There is no insurance cover relating to injury, disease or otherwise in relation to your employment. Accordingly you are strongly advised to check with the agencies that your activities during the course of your employment are covered by their liability and injury insurances.

Should you be interested please contact us and we will put you in touch with the relevant person at MSOL. After that introduction is made MTS in the UK stands back from the processing of your invoices as any day to day involvement with this would jeopardise its offshore status. However, those Mariners who already signed up with MSOL have been pleased with the efficiency and efficacy of its operations.

We look forward to hearing from you.

With kind regards.

Yours sincerely

Jane Cochrane