



## Fishers Tax Credit

### Context

The Programme for Government 2025 – Securing Ireland’s Future - contains a commitment to “*Liaise with fishing stakeholders and request that Revenue examine the current tax allowances for the sector and bring forward recommendations on how the taxation system can further support its progression*”.

This submission from the Seafood Ireland Alliance<sup>1</sup> proposes changes to the current Fishers Tax in line with the Programme for Government commitment. Reform of the tax system for fishermen is fundamental to improving the attractiveness of the sector to new and existing entrants to the industry.

While any changes in tax treatment for the sector should be subject to a full economic appraisal to ensure that it represents an effective use of scarce public resources, we believe there is merit in revisiting the introduction of a fishers/tax allowances/PRSI refund for the sector.

### Current Fishers Tax Credit

The current Fisheries Tax Credit is set out in Section 472BA of the Taxes Consolidation Act 1997 (TCA) which provides for a tax credit of €1,270.

To qualify for the Fisher Tax Credit the following conditions must be satisfied:

- The individual must be resident in the State.
- The individual must spend at least 80 days at sea actively engaged in sea fishing (i.e. fishing for or taking sea-fish). A day means a minimum of 8 hours at sea within a 24-hour period. These 8 hours can be accumulated over a number of fishing trips in a 24-hour period.
- A fishing voyage means a fishing trip commencing with a departure for the purpose of fishing and ending with the first return to port, but a return due to distress only shall not be deemed to be a return if it is followed by a resumption of the trip.
- The vessel used for fishing must be licenced by an EU Member State and it must be registered on the EU Community Fishing Fleet or licenced in the UK and registered on an equivalent register to that of a Member State.

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<sup>1</sup> The Seafood Ireland Alliance comprises the Killybegs Fishermen’s Organisation, Irish Fish Producers Organisation, Irish South and East Fish Producers Organisation, Irish South and West Fish Producers Organisation and Irish Fish Processors and Exporters Association

Part-time fishers are eligible for the credit providing they satisfy the above qualifying conditions. Furthermore, the credit may be offset against an individual's total income.

An individual may not claim both the Seafarer Allowance (section 472B TCA 1997) and the Fisher Tax Credit in the same year of assessment. By way of comparison, the Seafarers Allowance is currently set at €6,350.

### **Proposed changes to the current Tax Credit**

The Seafood Ireland Alliance propose the following changes to the current Tax Credit:

1. The Tax Credit should be increased to **€6,350** in line with the Seafarer's Allowance.
2. The individual must spend at least 60 days (or parts of days) at sea actively engaged in sea fishing (i.e. fishing for or taking sea-fish) spread over the 52 weeks of the year. The reduction in the number of days at sea from 80 days currently to 60 days reflects the specificities of different fishing operations and the considerable amount of time spent ashore preparing for sea, discharge of fish, fishing gear preparation, maintenance and repair.
3. A day means a cumulation of 8 hours at sea over any 48-hour period. These 8 hours can be accumulated over several fishing trips in a set period (two or more working day periods in the week).

The approximate cost to the Exchequer of these changes would be in the region of **€2.335 million**.

### **Justification**

A report produced by BIM<sup>2</sup> in 2022 showed that average weekly earnings in the fishing sector are typically lower than those in competing sectors of the economy. This, combined with the nature of the work and the risks involved, have resulted in difficulties in recruitment. The cost pressures facing the sector indicate that broad based increases in wages in the segments of the sector facing the most significant recruitment challenges, are unlikely to be viable in the short to medium term. Aside from raising wages payments, the other means of increasing take-home pay for those in the sector are changes to the taxation of employment in the sector. Vessel owners have strongly indicated that an enhanced tax allowance for those in the sector would be a very significant means of increasing the attractiveness of the sector to new entrants and improve retention.

Fishing by its nature is unpredictable, where the value of the catch constantly varies depending on the size of the catch and the market price obtained. This means the income of fishermen can be similarly variable depending on the terms and conditions of employment (i.e., PAYE worker, self-employed share fishermen). Payment of annual tax liabilities are made periodically and in most cases in one single payment. This can be an additional burden imposed on fishermen at times of the year when adverse weather

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<sup>2</sup> [https://bim.ie/wp-content/uploads/2023/10/Labour-Force-Analysis-of-Irish-Fishing-Fleet\\_.pdf](https://bim.ie/wp-content/uploads/2023/10/Labour-Force-Analysis-of-Irish-Fishing-Fleet_.pdf)

conditions may reduce significantly the income earned during this period. As a result, we advocate and believe that the increased tax credit will help fishermen overcome what are essentially cashflow issues. This would encourage fishermen to remain in the industry, continue to fish and earn so they can meet their obligations with Revenue without putting themselves under adverse financial pressures.

Additionally, unlike any other job, fishing requires considerable amount of time for preparation work ashore. Catching fish at sea is only part of the job. Therefore, we would contend that the allowance should take into consideration this time, required for preparing for sea, discharge of fish, fishing gear preparation, maintenance and repair. Without those land-based hours, fishing trips are impossible to undertake, and these hours are an integral part of any fishermen's employment.

The Seafood Ireland Alliance are aware that BIM has engaged Indecon to carry out a detailed assessment of the tax system as it applies to the fishing industry. This study aims to provide independent insight into the current taxation framework as it applies to the seafood sector, assessing potential fiscal barriers and opportunities. The analysis will include benchmarking against other relevant sectors and jurisdictions, with the aim of identifying areas where fiscal measures may better align with the sector's characteristics. BIM has indicated the findings of this study will be available by mid-June.

In the meantime, due to the ever-increasing financial pressures on the fishing sector in the post Brexit climate, amendments to the Fishers allowance in the Budget 2025 would be provide a huge boost to a sector. The further advantage of this amended Tax Allowance is that it will clearly encourage generational renewal in coastal communities. It will also help to bring the entire catching sector within the tax framework, providing a long-term social and economic advantage to the State in terms of tax-take.

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