



**REVENUE RULING
No. 06-004**

MAY 10, 2006

**PERSONAL INCOME TAX
LIABILITY OF RESIDENT MERCHANT SEAMAN FOR ESTIMATED PAYMENT**

ISSUE

Whether a merchant seaman, who is a Louisiana resident, is required to make estimated payments for state income taxes to Louisiana despite the fact that no amounts for such taxes are withheld from his wages?

DISCUSSION

Under 46 U.S.C. § 11108, "[w]ages accruing to a master or seaman on a vessel in the foreign, coastwise, intercoastal, interstate, intrastate, or noncontiguous trade or an individual employed on a fishing vessel or any fish processing vessel may not be withheld under the tax laws of a State or any political subdivision of a State." This provision is intended to prevent multiple withholding from wages of seamen who might be in ports of different states when they receive pay. *Streckfus Steamers, Inc. v. Saint Louis*, 472 S.W.2d 660 (Mo. App.), *cert. denied*, 409 U.S. 841 (1971).

46 U.S.C. § 11108 does not, however, prevent a state from lawfully imposing income taxes on its residents. Generally, Louisiana imposes an income tax on all income of a Louisiana resident. According to Revised Statute 47:290, a Louisiana resident's income whether or not subject to withholding is subject to Louisiana income taxation, unless there is a provision exempting it. If there is no such provision, the income is subject to tax.

Revised Statute 47:116 provides that "[e]very individual whose Louisiana income tax liability can reasonably be expected to exceed two hundred dollars for declarations of estimated tax for income tax years starting prior to January 1, 2001, and one thousand dollars for declarations of estimated tax for income tax years starting on and after January 1, 2001, after deducting all allowable credits shall be liable for filing of a declaration of estimated tax."

The estimated tax is the amount of the income tax that the individual estimates as the amount owed for the taxable year, minus the amount that the individual estimates as the sum of any credits allowable against tax. R.S. 47:116 C

If an individual underpays the estimated tax, an additional 12 percent per annum is added to the tax amount due for a taxable year. R.S. 47:118

CONCLUSION

Since the merchant seaman is a resident of Louisiana, all of his wages are subject to Louisiana income tax, despite the fact that a merchant seaman's wages are not subject to withholding. Because the wages are not subject to withholding, estimated tax payments must be paid in accordance with Revised Statute 47:116, if the Louisiana tax liability can reasonably be expected to exceed \$ 1000.

Note: If a merchant seaman earned income within another state jurisdiction and paid that jurisdiction an income tax on it, he may receive a credit for the tax against his Louisiana income tax, subject to certain restrictions and limitations. R.S. 47:33

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