

Authorities moving to collect taxes from foreign ships

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HOUMA — At the urging of the workboat industry, federal and local authorities are moving to collect more taxes from foreign boats working in U.S. waters where oil and gas are produced.

In October, the Internal Revenue Service issued a notice that foreign boat companies working on the Outer Continental Shelf must also file U.S. tax returns.

Proponents say greater enforcement is necessary to keep things fair for domestic boat companies, who face steep taxes and increasing labor costs while their foreign counterparts operate more cheaply under less regulation and without paying taxes.

“This effectively levels the playing field for Louisiana boat companies or repair yards,” said Ken Wells, executive director of the Offshore Marine Service Association, which represents the offshore transportation industry, a crucial business for the Houma-Thibodaux area. “It means (foreign companies) can’t get away with charging less for services and not paying taxes.”

After hurricanes Katrina and Rita, the Gulf of Mexico saw a large influx of foreign oil-and-gas industry vessels to assist with repairing the massive storm damage. But lower day rates, the amount of money ships charge companies, and mariners who didn’t have to pay U.S. taxes put U.S. companies at a disadvantage.

Four years later, Wells estimates that about 70 foreign vessels are still working in the Gulf and occasionally dock at places like Fourchon.

Those include repair or seismic vessels and vessel operators that run between ports and drilling or production locations, the IRS analysis says.

"Our analysis indicates that a significant number of foreign vessels permitted to work in the OCS do not comply with U.S. tax filing requirements," it states.

It's unclear exactly how the IRS plans to enforce the policy. It can be difficult to track down the companies, and U.S. authorities lack the collection clout they do with domestic companies. But the agency has assigned a team specifically to the issue.

There's also been help offered from Congress by Sen. Mary Landrieu, D-Louisiana.

"I look forward to working with you and the team to monitor tax compliance and enforcement issues that are triggered by foreign vessels operating in the OCS in the exploration and development of natural resources," she said in a statement. "Together, we can ensure that U.S. tax laws are respected and applied in a manner that guarantees fairness for all who derive income from energy exploration and production in the Gulf Coast region."

It's also significant for Lafourche Parish, which is home to Port Fourchon, the supply point for the majority of offshore oil-and-gas production activity in the Gulf and more than 90 percent of deepwater production.

Industry boats that dock at Fourchon pay a property tax that goes to maintain government services that help keep the port safe, according to Lafourche Parish Assessor Michael Martin.

Martin estimates those 600 to 700 vessels generated about 30 percent of the \$80 million in property tax revenue Lafourche Parish collected in 2009.

But the 40 foreign boats estimated to be working here don't contribute, Martin says. Comparable taxes on those boats could bring in additional millions.

However, Martin first would have to find the company and then get them to pay up. With no enforcement capacity like the domestic authority of the Coast Guard, his options are limited.

He's currently researching enforcement options, he says, and it's a problem that affects jobs around the state.

"It's more of a fairness issue," he said.

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