

KEY FACTS COMPANIES

THE ISLE OF MAN HAS A WELL-DEVELOPED OFFSHORE COMPANY REGIME, WHICH ALLOWS THE REGISTRATION OF NUMEROUS TYPES OF COMPANIES.

CORPORATE TAX ENVIRONMENT

Isle of Man legislation in 2006 abolished the previous tax exempt and non-resident company status and introduced a zero percent corporate tax rate. All Isle of Man registered companies, with the exception of those operating in the banking, retail and local real estate sectors, are assessed to tax at zero percent.

COMPANIES FORMED UNDER THE COMPANIES ACTS 1931–2004

Principal Features

- > Minimum of one shareholder
- > May not be a public company (subject to certain exceptions)
- > Minimum of two directors
- > Corporate directors are not permitted
- > A company secretary must be appointed
- > Registered office must be located within the Isle of Man at which statutory registers of shareholders, registers of officers and minutes of meetings and accounting records must be maintained
- > Financial statements are required to be prepared annually; however, there are no requirements to file these with any government body
- > Auditing of financial statements is not required
- > Share capital can be expressed in any currency
- > No maximum authorised share capital
- > Low incorporation costs based on a standard authorised share capital of £2,000
- > No restrictions on corporate capacity thereby avoiding the need for detailed objects clauses within the memorandum of association
- > Share transfers are free of stamp duty
- > An annual return, providing details of directors, company secretary and shareholders, is required to be filed with the Registrar of Companies, accompanied by the current filing fee
- > 2006 Act companies can re-register as 1931 Act companies

COMPANIES FORMED UNDER THE COMPANIES ACT 2006

The Companies Act 2006 introduced a new form of company, which is intended to be a flexible and easily administered company.

Principal Features

- > Unlimited capacity to undertake any business or activity and cannot restrict its activities by provisions in its memorandum or articles of association

- > The provisions relating to dividends and the purchase of own shares are more liberal and require only a statutory solvency test
- > There is no differentiation between private and public companies
- > Registry filing and accounting requirements are reduced
- > The company may have a sole shareholder
- > The company must have a registered agent holding the appropriate licence in the Isle of Man
- > Corporate directors are permitted, within certain limits
- > Existing companies may re-register as 2006 Act companies
- > Apart from the enhanced flexibility and simplicity of administration, the company within the zero percent tax environment is seen to provide an opportunity to establish the management and control of assets in a tax-friendly environment

LIMITED LIABILITY COMPANIES

The Limited Liability Companies Act 1996 enabled the formation of limited liability companies (LLCs), which effectively have the characteristics of a partnership.

Principal Features

- > The LLC is a corporate entity without directors or shareholders. The management of the LLC is vested in its members and there must be a minimum of two members. Management of an LLC may be vested in a manager elected by the members.
- > The LLC has an unlimited duration.
- > The member's liability is limited to the extent of their contribution of capital.
- > The profits of the LLC are taxed to its members.
- > An LLC must at all times have a registered office and registered agent on the island.

COMPANY FORMATION

- > Companies falling into any of the above categories (with the exception of LLCs) are formed under the Companies Acts 1931 to 2006 and may be Companies Limited by Shares, Companies Limited by Guarantee, "Hybrid" Companies Limited by Guarantee and having a Share Capital or Unlimited Companies.
- > Companies can be incorporated within a period of 48 hours.

FOREIGN COMPANIES & RE-DOMICILIATION

- > A foreign corporation, incorporated outside the Isle of Man, may carry on business from the island or own land in the island if it registers with the Registrar of Companies. To effect such a registration, it must file a certified copy of its memorandum and articles of association, the name and address of its local agent for service of process, and details of directors and secretary.
- > The Isle of Man has legislation in place enabling companies incorporated outside the Isle of Man to re-domicile themselves into the Isle of Man. Isle of Man incorporated companies themselves can re-domicile in certain jurisdictions.

VAT (VALUE ADDED TAX) REGISTRATION

- > As a result of the UK's Brexit referendum and a subsequent transitional period, the UK and the Isle of Man effectively withdrew from the EU's central VAT and Customs territory with effect from 31 December 2020. Consequently, since 1 January 2021 the UK and the Isle of Man have formed a common VAT territory, with the UK common Customs territory also including the Crown Dependencies of Jersey and Guernsey.
- > The Isle of Man's main VAT legislation is the Value Added Tax Act 1996, which is largely the same as the UK's Value Added Tax Act 1994. The Isle of Man and the UK apply the same Customs legislation, the Taxation (Cross-border Trade) Act 2018, equally.

- > Businesses that have their establishment in the Isle of Man and that make taxable supplies of goods or services above the VAT registration (currently £85K in any 12-month period) are required to register for VAT with Isle of Man Customs & Excise, which, given its smaller size relative to its UK counterpart, may deliver timing, administrative and cashflow efficiencies. It is also possible for a business that is established in the Isle of Man to register for VAT on a voluntary basis, with the main benefit of doing so being the recovery of VAT on costs.
- > The supply of services to customers that are established in the UK/Isle of Man will ordinarily be standard-rated for VAT purposes (currently 20%).
- > Supplies of services by Isle of Man businesses to customers that are established outside the UK/Isle of Man are taxed for VAT purposes on a “business to consumer” or “business to business” basis, with supplies to consumers being standard-rated and supplies to other businesses being outside the scope of VAT.
- > The importation of goods into the UK or Isle of Man by an Isle of Man business may be subject to import VAT and duty depending on the classification of the goods. The export of goods from the UK or Isle of Man to an overseas jurisdiction is zero-rated for VAT purposes.
- > A business that is established and registered for VAT in the Isle of Man is entitled to reclaim the VAT that it incurs on its costs insofar as this VAT relates to its taxable supplies, with the VAT that is incurred on costs which relate to exempt supplies or non-business activities being subject to restriction/blocking.

LIMITED PARTNERSHIPS

Principal Features

- > Ability of limited partners to withdraw capital without affecting limited partner status
- > Limited partnerships are required to be registered with the Isle of Man Registrar of Limited Partnerships; registration is effected by lodging with the Registrar a statement signed by all the partners providing the following details:
 - > name of partnership
 - > general nature of its business
 - > principal place of business
 - > full name and address of each partner
 - > date of commencement and the terms of the partnership
 - > a statement that it is to be a limited partnership
 - > description of each limited partner

The number of partners is limited to twenty (subject to certain exemptions) and a limited partnership must consist of a general partner and one or more limited partners.

General partners and limited partners may be individuals or corporate entities.

- ▶ PEOPLE LED
- ▶ TECH ENABLED
- ▶ GLOBAL COVERAGE
- ▶ TAILORED SERVICE

- ▶ 1,100 STAFF
- ▶ 25 JURISDICTIONS
- ▶ 47,000 ENTITIES
- ▶ \$177BN AUA

- ▶ FUNDS
- ▶ PRIVATE CLIENTS
- ▶ CORPORATE CLIENTS
- ▶ MARITIME

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