

ISLE OF MAN | PRIVATE LIMITED

GENERAL	
Type of entity	PRIVATE LIMITED
Type of law	COMMON
Shelf company availability	YES
Time to establish a new company	1 - 5 DAYS
Minimum government fees (excluding taxation)	£380
Corporate Taxation	0% - 10%
Double taxation treaty access	ONLY UK
SHARE CAPITAL OR EQUIVALENT	
Standard currency	GBP
Permitted currencies	ANY
Minimum paid up	£1.00
Usual authorised	£2,000
DIRECTORS OR MANAGERS	
Minimum number	TWO
Local required	NO
Publicly accessible records	YES
Location of meetings	ANYWHERE
SHAREHOLDERS	
Minimum number	ONE
Publicly accessible records	YES
Location of meetings	ANYWHERE
Company Secretary	
Required	YES
ACCOUNTS	
Requirement to prepare	YES
Audit requirements	YES, SMALL COMPANY EXEMPTIONS
Requirement to file accounts	YES
Publicly accessible accounts	NO
OTHER	
Requirement to file Annual Return	YES
Change in domicile permitted	YES

GENERAL INFORMATION

Introduction

The Isle of Man, situated in the centre of the British Isles, is an internally self-governing dependent territory of the British Crown which is not and never has been part of the United Kingdom. It is however, part of the British Isles. Tynwald, the Island's 1,000 year old Parliament, makes its own laws and oversees all internal administration, fiscal and social policies. External issues, such as foreign representation and defence, are administered on the Island's behalf by the UK Government and the Island makes an annual payment for these services.

Population

The population of the Isle of Man is approximately 85,000.

Political Structure

The Isle of Man is an independent country, constitutionally an internally self-governing dependent territory of the British Crown; the UK Government does not legislate for the Island except with the specific consent of the Island's Government.

Tynwald (Parliament) legislates on all domestic matters including taxation. Tynwald consists of two branches, known as the Upper and Lower. The Legislative Council, (Upper) consists of ten Members and is elected by the lower house, Members include the President of Tynwald, the Lord Bishop of Sodor and Man, HM Attorney General and HM Queen Elizabeth II. The House of Keys, (Lower) has twenty-four Members who are elected and serve a five-year term. HM Queen Elizabeth II holds the title Lord of Man, and is ultimately responsible for the governance of the Island. All legislation passed by Tynwald has to have Royal Assent before being enacted.

The Isle of Man is not a full member of the European Union but it falls within the EU common customs area and the EU common external tariff. The Island's relationship with the UK is governed by Protocol 3 in the UK's Accession which means that the Island is part of the customs territory of the community and not regarded as a third party for customs purposes.

More information can be found at www.gov.im.

Infrastructure and Economy

The economy is in its 26th year of growth the key sectors being financial services and professional services, Banking generates around one quarter of the Island's gross domestic product.

In the last few years new economic activities have been developed, such as aircraft registration and most significantly, e- gaming and other areas of e-commerce due to an infrastructure of world-class telecommunications and services which cater for the full range of modern corporate voice and data communication requirements.

The Isle of Man has been awarded an AA+ Ratings from Standard and Poor and Moody's.

Language

The official and spoken language is English.

Currency

The Manx Pound, which is on par with the UK Pound and freely exchangeable

Exchange Control

None.

Type of Law

Common Law; based on English Common Law.

Principal Corporate Legislation

The Companies Acts 1931 to 2004.

COMPANY INFORMATION

Type of Company for International Trade and Investment

The Private Limited Company must have two directors who must be natural persons but may reside anywhere in the world.

Procedure to Incorporate

Submission of Memorandum and Articles of Association, together with "Form I" nominating the first directors and secretary, and advise of the situation of the Registered Office and the form giving name approval.

Restrictions on Trading

Private Limited Companies are not permitted to:

- Undertake banking or insurance activities or any other activity that might suggest an association with same, without a licence
- Undertake investment business other than the investment of the company's own assets without a licence.
- Neither solicits funds from the public nor offer their shares or membership to the public without a licence.

Powers of Company

An Isle of Man company has all the powers of a natural person.

Language of Legislation and Corporate Documents

English.

Registered Office Required

Companies must maintain a registered office in the Isle of Man.

Shelf Companies Available

Yes.

Time to Incorporate

One to five days, subject to name approval.

Name Restrictions

- A name that is similar to or identical to an existing company. A name that is known to exist elsewhere. A name that implies illegal activities. A name that implies royal or government patronage.
- Is identical to a company or business name already registered in the Isle of Man.
- Is descriptive of a business activity but not distinctive;
- Is identical to a company known to exist elsewhere;
- Is grandiose and imply the company is in some way pre-eminent in its field;
- Is not conducive to the good name of the Isle of Man;
- Contains words which imply royal patronage or connection; e.g. Royal, Royalty etc
- Do not contain an approved suffix, where one is required

- Imply the company will be undertaking a regulated activity, without holding the appropriate licence;
- The use of one of the following words Global, International, World or World Wide to imply the company or business is trading internationally or on a large scale may require the provision of evidence to support this impression.
- The Financial Services Act 2008 (FSA) prohibits the use of words that imply that a person or company is a trust services provider unless the person or company holds, or has applied for the relevant licence.
- Use of the word "Holdings" will only be approved if the Company can provide documentary evidence that it holds 51% or more of an underlying company within six months of the incorporation date.
- Use of the word "Group" will only be approved if the company can provide documentary evidence that the company owns a group of companies.

Full information can be found at www.gov.im

Language of Name

Names can be expressed in any language using the Latin alphabet, if the Registrar of Companies is in receipt of an English translation and the name is not considered undesirable.

Names Requiring Consent or a Licence

The following names or their derivatives require consent or a licence: bank, building society, savings, loans, insurance, assurance, reinsurance, co-operative, council, Chamber of Commerce, trust, municipal and finance or their foreign-language equivalents.

Suffixes to Denote Limited Liability

Limited or Ltd.

Disclosure of Beneficial Ownership to Authorities

The identity of the beneficial owners of the Isle of Man Company may remain confidential if corporate shareholders are engaged to act as the shareholder on behalf of the ultimate beneficial owners. This confidentiality is maintained as long as the company and its ultimate beneficial owners are not involved in any criminal activity.

COMPLIANCE

Authorised and Issued Share Capital

Private Limited Companies have a minimum authorised share capital of £2,000 or its currency equivalent, this being the maximum for the minimum capital duty payable upon incorporation. The minimum issued capital is one share of par value.

Classes of Shares Permitted

Private Limited Companies may have registered shares, preference shares, redeemable shares and shares with or without voting rights.

Taxation

Private Limited Companies normally pay income tax at 0% and there is no withholding tax on payment of dividends to shareholders.

Companies that are in the business of banking, insurance or are connected with the business of Isle of Man property pay corporation tax at a rate of 10% and a withholding tax at the same rate is imposed if the dividend is paid to a non resident individual or corporate body.

All Private Limited Companies pay an annual charge of £380.

VAT

Isle of Man companies may be registered for VAT purposes and the VAT prefix will be "GB", which is recognised in Europe.

Foreign companies may be registered on the "F" register in the Isle of Man and then apply for VAT registration.

Double Taxation Agreements

Apart from a limited treaty with the United Kingdom, the Isle of Man is not party to any double tax treaties.

Financial Statements Required

Whilst there is no requirement to file audited financial statements with the authorities, it is important to note that a company is required to keep financial records, which reflect the financial position of a company.

If accounting records are kept at a place outside the Isle of Man they must be sent to the company's registered office in the Isle of Man at not less than 6 month intervals.

Failure to maintain accounts or make them available for inspection at a company's registered office is an offence punishable by imprisonment or a fine.

The Assessor of Income Tax reserves the right to call in the financial records for inspection.

Directors

The minimum number of directors is two; they may be of any nationality or residence. Bodies corporate may not be appointed as directors.

Company Secretary

A Company Secretary is required and must be a natural person but may be of any nationality and reside anywhere in the world.

Shareholders

The minimum number of shareholders is one.

OTHER TAX PLANNING ENTITIES**Other business entities used for international tax planning include:**

- Hybrid Companies
- Limited Liability Companies (LLC)
- New Manx Vehicle Companies (NMV)
- Partnerships
- Trusts
- Foundation

Further information on these alternative structures is available on request.

Disclaimer

Whilst every effort has been made to ensure that the details contained herein are correct and up-to-date, it does not constitute legal or other professional advice. Aston & Williams does not accept any responsibility, legal or otherwise, for any errors or omission.

We strongly recommend that all clients seek independent legal and or tax advice before proceeding with any establishment of any structure. We will be happy to introduce clients to the necessary advisors upon request.