

Isle Of Man

Isle of Man lies in the Irish Sea, about midway between the coasts of Northern Ireland and England. It has an area of 572 sq km and a population of approximately 70,000 inhabitants. Douglas is the capital.

The Isle of Man has a sophisticated infrastructure with qualified professionals and excellent communication system supporting the growth of its economy. The Island has increased recognition as a suitable jurisdiction for the successful administration of companies.

The Isle of Man is a self-governing, dependent territory of the Crown, which is not part of the United Kingdom, but for whose external relations the United Kingdom is responsible. The Island has its own system of Government named "Tynwald" and its legislative assembly for over a thousand years. The legal system is based on the Manx Law, English common law, Isle of Man statutory instruments and certain United Kingdom Acts.

SALIENT FEATURES

The principal Act is the Companies Act 1931 to 1996, International Business Act 1994 and Limited Liability Companies Act 1996.

There are three principal types of Isle of Man Company, which are:

- **RESIDENT COMPANIES:** Isle of Man resident companies pay only 20% income tax. As taxation treaty exists between the Isle of Man and the United Kingdom it can be advantageous to use an Isle of Man resident company to receive rental income from UK property. United Kingdom tax would be payable on the income received but no further Manx tax would be payable.
- **EXEMPT COMPANIES:** Cannot trade or conduct business in the Isle of Man, cannot have local beneficial ownership and must have at least one director and a professionally qualified Company Secretary resident in the Isle of Man. Application for exempt status must be made annually by 30th June or within 90 days of the company's acquisition of its first asset.
- **INTERNATIONAL COMPANIES (LLC's):** exempt company, but it may negotiate a rate of tax of its own choice with the Assessor of Income Tax. The rate can be no less than 1% and no more than 35%. A minimum payment of £300 is required in any one-tax year.
- **NON RESIDENT COMPANIES:** In June 1999 the Manx Government imposed a moratorium on the formation of non-resident companies as part of its response to the Edwards Report. The Isle of Man's commitment to the OECD includes abolition of this form by 2005; but it is not clear whether or when this will actually take place. Companies already incorporated can remain active until year 2005.

CORPORATE REQUIREMENTS

Name: In the case of exempt companies the word "Limited" in the company must be written out in full. Limited Liability Companies may use the abbreviation LLC. Names implying significant size such as "International", "Worldwide", or "Global" require a minimum share capital of £100,000 to be paid within six months from the date of incorporation. Names including the word "Holding" or "Holdings" must provide proof that the company is a holding company within six months of its incorporation.

Capital/Shares: For exempt companies, £2,000 is the maximum authorized share capital for the minimum registry fees. Capital can be denominated in any currency. Bearer shares are not permitted. With regard to LLC, there are no preconditions to capital, it can be in any amount or proportion, either in cash or property value.

Directors/Officers: Companies must have at least two directors and one company secretary. They must be natural persons; thus corporate directors are not permitted. The company secretary must be professionally qualified or be officially approved by the authorities. For exempt and international companies, one director and the secretary must be resident.

Shareholders: A minimum of one shareholder is required which may be an individual or body corporate. Shareholders details are recorded on public file but anonymity can be protected through the use of nominee shareholders.

Registered Agent/Office: All Isle of Man companies must maintain a registered office on the Island.

CONFIDENTIALITY

The Law of the Isle of Man has been formulated to maintain utmost secrecy. There is no disclosure of beneficial ownership of companies to the Isle of Man government authorities.

ANNUAL REQUIREMENTS & TAXATION

An annual return must be filed each year. Annual Filing fee is £45. There is no requirement to file accounts with the registrar but resident and international companies must forward accounts to the Assessor of Income Tax.

Non-resident: Non-resident companies pay annually a duty of £830, which has to be paid annually upon filing of the annual return with the Registrar of Companies. It will only be liable to income tax if there is any income from the Isle of Man apart from bank interest.

Exempt companies: An annual return must be filed with information on the shareholders (but not non-shareholding members), directors, secretary, capital and changes. Public companies must



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Jurisdiction Information Sheet

also file audited accounts. Annual exemption fees are currently £450 for each tax year ending 5th April and should be submitted by 30th June.

International companies: Each year an annual return must be registered showing the names and addresses of the members, the registered agent, and the manager (if any) and the address of registered office. The international companies duty is a minimum of £1200 to a 35% on worldwide profits.

TRANSFER OF FUNDS

There are no exchange control regulations, therefore bank accounts can be opened in any currency and funds can be freely transferred. The currency is Pound.