



Trust and Corporate Solutions

Companies in the Isle of Man

## Why set up an Isle of Man Company?

Isle of Man companies are created for many reasons and are used in a variety of circumstances. Each structure can be tailored to meet specific objectives. However, some common uses are as follows:

### ASSET OWNERSHIP

An Isle of Man company may be formed to own assets, with corporate or individual members who own the shares in the company. This can provide advantages in certain situations:

- If it is subsequently desired to realise value from the assets, instead of transferring the assets themselves it may be more efficient to transfer the shares in the company. This may reduce transfer costs and mitigate any transfer duty that would be payable on the transfer of the assets themselves
- Ownership of assets by a company means that the property owned by the individual member of the company is his or her shareholding in the company. This shareholding may have a different situation for tax purposes than the assets themselves, which may help reduce estate taxes for example. The Isle of Man has no estate taxes
- Companies used for asset ownership may in turn be owned by an Isle of Man trust. This structure is commonly used to separate the ownership of a company from an individual.

### INTERNATIONAL BUSINESS STRUCTURING

Isle of Man companies are also used for international business purposes. Examples include:

- Holding of trademarks, patents, royalties and other rights
- Treasury management and collective investment vehicles (although these activities may be subject to regulation)
- Stock exchange listings
- Securitisations
- Mergers and acquisitions
- Aircraft, yacht and ship finance and leasing arrangements.

## Types of Company

The following is based on the recently introduced Companies Act 2006, which provides for a new type of company in the Isle of Man which should have greater flexibility in certain respects than a company incorporated under the previous Companies Acts. It is however still possible to incorporate a company under the previous Companies Acts, and in certain cases this may be preferred, in which case Abacus can provide such a company on request.

The main types of company that may be formed in the Isle of Man are:

### A COMPANY LIMITED BY SHARES

The members of this type of company are shareholders, and their liability is limited in its memorandum of association to the amount unpaid (if any) on the shares held by them.

### A COMPANY LIMITED BY GUARANTEE (WITH OR WITHOUT SHARE CAPITAL)

The members of a company limited by guarantee (without a share capital) are not shareholders. Rather, their liability is limited to an amount which they each undertake to contribute to the assets of the company in the event of it being wound up. This is often £50 or similar. If the company also has a share capital, the liability of the shareholders is limited to the amount unpaid (if any) on the shares held by them.

### AN UNLIMITED COMPANY (WITH OR WITHOUT SHARE CAPITAL)

The liability of the members of this type of company is unlimited. This type of company may be suitable in particular situations, but members need to be aware that their liability for the debts and obligations of the company is not limited.

## Isle of Man Taxation

Since 6th April 2006 Isle of Man resident companies are subject to Isle of Man income tax at a rate of 0%. A company is resident in the Isle of Man if it is incorporated or managed and controlled here. The zero rate of tax applies to all forms of income, except income derived from land and property in the Isle of Man and income received by licensed banks from their banking business which is subject to income tax at a rate of 10%.

A resident company that has Isle of Man resident members may, in certain circumstances, be required to pay a distributable profits charge on behalf of those members.

## Formation of Companies

The formation of a company in the Isle of Man is simple, straightforward and inexpensive. Abacus maintains a stock of shelf companies which are immediately available, once our due diligence procedures are completed.

Amongst the requirements for a company to be incorporated in the Isle of Man are:

- Name approval must be obtained from the Companies Registry
- The Memorandum and Articles of Association must be signed by the subscriber(s) and filed
- The address of the registered office and the registered agent (if applicable) in the Isle of Man must be filed
- There must be at least one director but there is no legal requirement for a secretary. There is no legal requirement for the directors to be resident on the Island
- Corporate directors are permissible in certain circumstances.

Following approval of the company name, and satisfactory completion of due diligence procedures, it normally takes two days for the company to be incorporated.



## Setting up a Company with Abacus

Our services can include:

- Provision of a registered office, registered agent, resident directors and (if applicable) company secretary
- Provision of nominee shareholders
- Provision of secretarial and administration services. This would include the preparation and filing of the company's annual return and maintaining the company's records
- Provision of accounting services to provide regular financial statements
- Ongoing tax services, including preparation, submission and agreement of tax returns and assessments, in the Isle of Man and the UK as required.

In each case we will enter into a Corporate Services Agreement which will set out the services which we have been contracted to provide and the fees which we will charge.

## Limited Liability Companies (“LLCs”)

We are also able to provide LLCs. This corporate body is a form of corporate partnership in which all members may be involved in the management. Despite corporate personality it may be regarded in certain jurisdictions as “transparent” for tax purposes.

## Further Information

For further information about Companies in the Isle of Man or any other service in the Trust and Corporate Solutions range, please contact Abacus Trust Company Limited:

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LARGE ORGANISATION OF THE YEAR

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