

ISLE OF MAN (IOM) – LIMITED EXEMPT COMPANY

The Isle of Man, situated in the centre of the British Isles, is a self-governing dependent territory of the Crown which is not part of the United Kingdom. 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 defense, are administered on the Island's behalf by the UK Government and the Island makes an annual payment for these services.

As a British Crown dependency, the ultimate responsibility for the Island's good government is vested in the Crown but by long standing convention, the UK Government does not legislate for the Island except with the specific consent of the Island's Government

Principal Corporate Legislation

The Companies Acts 1931 to 1993. The International Business Act 1994.

Type of Law

Common Law, based on English Common Law.

Type of Company For International Trade and Investment

Limited Exempt Company.

Restrictions on Trading

Cannot trade within the Isle of Man or own real estate there. Cannot undertake the business of banking, insurance, assurance, reinsurance, fund management, collective investment schemes, trust management, trusteeship, the rendering of investment advice or any other activity that would suggest an association with the banking or insurance industries. Cannot offer its shares for sale to the public.

Powers of Company

A Company incorporated in the Isle of Man has the same powers as a natural person.

Language of Legislation and Corporate Documents

English.

Shelf Companies Available

Yes.

Time to Incorporate

One day, 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.

Language of Name

Latin Alphabet. Any name in a language other than English must be accompanied by a translation to ensure that the name is not restricted.

Registered Office Required

Yes, must be maintained in the Isle of Man at the address of a licensed management company.

Names Requiring Consent or License

Bank, building society, savings, loans, insurance, assurance, reinsurance, trust, trustees, Chamber of Commerce, university, municipal or their foreign language equivalents or any name in English or a foreign language that may suggest association with the banking or insurance industries.

Suffixes to Denote Limited Liability

Limited or Ltd.

Disclosure of Beneficial Ownership to Government Authorities

No.

Taxation

Limited Exempt pay no income tax, but pay a fixed annual fee to the Government. Limited Exempt companies are not tax resident in the Isle of Man and may not undertake business in the Isle of Man.

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 Statement Requirements

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 such as to disclose with reasonable accuracy the financial position of the business in question at intervals not exceeding 6 months. 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.

License Fees

Limited Exempt Companies pay £450 per year.

Directors

The minimum number of directors is two. Limited Exempt companies are required to appoint at least one resident director. Bodies corporate may not be appointed as directors

Company Secretary

Limited Exempt companies require a company secretary. The Company Secretary must be a natural person, resident in the Isle of Man and must hold a professional qualification.

Shareholders

Minimum is one.