



## TRIDENT TRUST COMPANY (I.O.M.) LIMITED

Trident Trust Company (I.O.M.) Limited, located in Douglas, is a member of the Trident Trust Group, a leading specialist offshore company, trust and mutual fund administrator serving professionals, institutions, individuals and corporations worldwide.

This profile provides information on the Isle of Man, its corporate and trust laws, our services and fees. Contact details for all Trident Trust offices appear on the last page of this profile.

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**[www.tridenttrust.com](http://www.tridenttrust.com)**

*Visit our Web site for information on other Trident Trust jurisdictions and for current news on offshore developments.*

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Licensed by the Isle of Man Financial Supervision Commission  
as a Corporate Service Provider.

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8/04



Location	Page 1
Business Environment	Page 1
Government and Legal System	Page 1
Sources of Law	Page 1
The Economy	Page 2
Tax Policy	Page 2
Banking System	Page 2
Offshore Companies	Page 2
– Exempt Companies	Page 3
– International Companies	Page 4
– Limited Liability Companies	Page 4
Company Formation	Page 5
Foreign Companies and Re-domiciliation	Page 5
Trusts	Page 6
VAT (Value Added Tax) Registration	Page 6
Limited Partnerships	Page 7
Ship Registration	Page 7
Fees – Companies	Page 8
Fees – Trusts	Page 8
Fees – Limited Partnerships	Page 9
General Fee Information	Page 9
Trident Trust Offices – Contact Details	Page 11



## LOCATION

The Isle of Man, with a land mass of 227 square miles, lies in the northern part of the Irish Sea midway between the British mainland and Ireland. The Island's capital and financial centre is Douglas, a town of approximately 32,000 people.

## BUSINESS ENVIRONMENT

The Isle of Man, as an established financial centre, has a high quality infrastructure with a strong base of professional people. Its principal attractions as an international offshore financial centre are as follows:

- Political and economic stability
- Long established legal system
- Currency is Pound Sterling
- Sophisticated banking system
- No exchange control restrictions
- Reliable sea and air communications with the United Kingdom
- Excellent telecommunications services

## GOVERNMENT AND LEGAL SYSTEM

The Isle of Man is independent from the United Kingdom and is self-governing except in the area of international relations for which the United Kingdom retains responsibility. The Island has the oldest Westminster-type legislature in the world with Tynwald, the Island's legislative assembly, having celebrated 1,000 years of unbroken parliamentary government in 1979.

All legislation passed by Tynwald is subject to the Royal Assent (assent of the British Monarch) which is granted by the Lieutenant Governor who acts as the Monarch's representative.

The Isle of Man is not a member of the European Community but, as a signatory of Protocol 3 of the Treaty of Accession, it enjoys a special relationship with the Community which permits direct access of Isle of Man products into the markets of the Community's member countries.

## SOURCES OF LAW

The sources of law in the Isle of Man are Isle of Man (Manx) law, English common law, Isle of Man statutory instruments and certain United Kingdom Acts. From a company law perspective, the principal act is the Companies Act 1931, which has been amended periodically to reflect changes in corporate practice and legal decisions.

The Isle of Man's taxation and legal systems are independent of those of the United Kingdom.

The Isle of Man has enacted anti-money laundering legislation and operates a licensing regime for Corporate Service Providers.



## THE ECONOMY

The financial services industry is an important part of the local economy. This is due to the Isle of Man Government's promotion of the financial services industry and the recognition of the Island by the international tax and estate planning community as a suitable jurisdiction for the establishment and administration of offshore entities. To ensure that growth is properly controlled and monitored, the Isle of Man Government established a Financial Supervision Commission in 1983.

Through a series of grants and incentives, the Isle of Man Government has actively encouraged the expansion of the Island's financial sector. A Freeport, the only such Freeport in a European "offshore" jurisdiction, was established in 1988 and provides the attraction of easy access to European markets from a low tax jurisdiction base. Aside from the various direct incentives, all resident Isle of Man companies are currently subject to low tax rates rising to a maximum of 18% with 100% first year allowances on the purchase of most capital assets. The Isle of Man Government has announced its intention to reduce the maximum rate of tax to 15% over the short term.

## TAX POLICY

From 2006, the corporate income tax rate for all trading companies, except for certain licensed deposit takers will be reduced to 0%. It is anticipated that the tax rate for investment companies and the dividend withholding tax rate for distributions made to non-resident shareholders will also be reduced to 0%. Investment income in companies owned by Manx resident shareholders will continue to be taxed at personal tax rates - probably by an imputed distribution method. A corporate tax bill is expected in 2005 dealing with the move to 0% corporate taxation. At the same time, it is expected that the Income Tax (Exempt Companies) Act 1984 (see Page 3) and the International Business Act 1994 (see Page 4) will be repealed.

The taxation policy has been developed in response to the harmful tax practices initiatives of the OECD and the EU Code of Conduct reviews. It is understood that the move to 0% corporate tax has been accepted by both the OECD and EU as removing the perceived harmful tax practices.

## BANKING SYSTEM

All major United Kingdom high street banks are represented on the Island as are many of the top international banks. The Financial Supervision Commission monitors compliance by the banking community with the relevant banking legislation.

## OFFSHORE COMPANIES

The Isle of Man has a well-developed offshore company regime. The following types of companies may be registered:

- Exempt Companies
- International Companies
- Limited Liability Companies



## EXEMPT COMPANIES

The Income Tax (Exempt Companies) Act 1984 created a class of company which is exempted from paying tax in the Isle of Man provided that it has no beneficial owners resident in the Isle of Man. It is usual for Exempt Companies to be managed and controlled from the Isle of Man.

The Exempt Company is technically tax resident in the Isle of Man and thus the company has a fiscal base through local management. This enables the company to prove its corporate residence and thus resist any potential attacks to taxation from other jurisdictions.

The major features of an Exempt Company are as follows:

- Minimum of one shareholder.
- Beneficial owner(s) must be resident outside of the Isle of Man.
- May not be a public company (subject to certain exceptions).
- May not carry on or transact any banking, insurance, investment business or other regulated activity.
- Minimum of two directors. At least one of those directors must be resident in the Isle of Man.
- Corporate directors are not permitted.
- Application for exemption must be made and delivered (with the fee) to the Assessor of Income Tax within the specified time limits.
- A Company Secretary must be appointed who is resident in the Isle of Man and possesses a professional qualification as approved by the Island's Regulatory Authorities. Alternatively, from 1 March 2004, the Company Secretary of an Exempt Company may be a corporate entity, provided that it is a licensed Corporate Service Provider.
- 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.
- All income and receipts must arise from sources outside of the Isle of Man, with the exception of interest from approved Isle of Man financial institutions or income from other exempt companies.
- Shareholders' Annual General Meeting must be held at which financial statements are to be presented.
- Financial statements are not filed with any government body.
- Auditing of financial statements is not required.
- Share Capital can be expressed in any currency.
- Exempt Duty of £450 is payable for each year ended 5 April.
- 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 a filing fee of £60.



## INTERNATIONAL COMPANIES

International Companies must have at least one director and an authorised Company Secretary resident in the Isle of Man. In addition, International Companies must be owned by non-Isle of Man residents and derive their income from business activities outside the Island with the exception of interest from approved Isle of Man financial institutions and dividends received from other International Companies.

International Companies may do the following:

- Register as a Public Limited Company.
- Agree with the Assessor of Income Tax either a flat rate tax charge (minimum £1,200) or any rate of tax up to 35% of its profits.
- Defer electing the basis of the tax charge until the end of the financial year at a stage when it is already possible to calculate the most tax efficient method of assessment.
- In certain circumstances, a Company currently restricted from registering as an Exempt Company will be able to register as an International Company.

In all other respects the features of International Companies are identical to those of Exempt Companies.

## 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.

The principal features of an LLC in the Isle of Man are as follows:

- 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 members liability is limited to the extent of their contribution of capital.
- The profits of the LLC are taxed to its members.
- Provided the LLC members are not resident in the Isle of Man and its business is conducted overseas, the LLC can apply for International status and members are therefore not assessed to Isle of Man taxation.
- An International LLC is effectively discharged from submitting Taxation Returns and from withholding tax on distributions.
- 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 1993 and may be Companies Limited by Shares, Companies Limited by Guarantee, "Hybrid" Companies Limited by Guarantee and having a Share Capital or Unlimited Companies.

The minimum cost is based on nominal Share Capital of £2,000 and increases on a graduated scale based on nominal share requirements.

Incorporation procedures generally take approximately one week to complete.

## FOREIGN COMPANIES AND 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 Company Secretary. If ownership and control of the company is maintained outside the Isle of Man, and it does not carry on business within the island, it will not be subject to Manx Income Tax. This applies even if the administration of the company takes place in the Isle of Man.

The Isle of Man now has legislation in place enabling companies incorporated outside the Isle of Man to re-domicile themselves in to the Isle of Man. Also from January 2004, Isle of Man incorporated companies can re-domicile themselves in other jurisdictions.



## TRUSTS

A trust established from non-Isle of Man source capital, established for the benefit of non-resident beneficiaries and earning no Isle of Man source income (except for income permitted by special concession) will not be assessed to Manx Income Tax. There is no requirement to register an Isle of Man trust and in consequence a Manx trust offers strict confidentiality. There is a variety of uses for trusts but common uses of such entities include international estate planning and protection of assets.

All trusts require specific tailoring to the needs of each individual client and the Isle of Man, with its available professional expertise and historical adoption of legal principles of equity, provides an excellent jurisdiction for the establishment of trusts.

The principal Manx Trust statute is the Manx Trustee Act 1961, recently amended by the Trustee Act 2001. The new legislation places a higher duty of care on Trustees, thereby providing added protection for Settlers and Beneficiaries. Manx trust law corresponds closely to the trust law in England.

## VAT (VALUE ADDED TAX) REGISTRATION

With effect from January 1993, European suppliers of goods and services may “zero rate” their supplies only if the supplies are made outside of the European Customs Area or, where the supplies are made to persons within the European Customs Area, if they have registered with the Customs & Excise Authorities of a member state of the European Community and have been allocated a VAT number.

The Isle of Man falls within the European Customs Area and therefore VAT Registration in the Isle of Man will satisfy the requirements referred to above. Consequently, people trading with European suppliers can avoid the necessity of having to pay VAT if they deal with the European supplier through an entity registered for VAT in the Isle of Man.

Isle of Man Customs & Excise will accept applications for VAT registrations from Isle of Man registered Companies or from Foreign Companies – provided that such Foreign Companies have been registered with the Isle of Man Registrar of Companies as a Foreign Company having a place of business in the Isle of Man.

Customs & Excise Authorities require certain administrative functions and bookkeeping functions to be conducted from within the Isle of Man; but provided the income derived from the activities arises from outside of the Isle of Man, the company will be able to register as an Exempt Company at a minimum tax rate of £450 per annum. Further details are available upon request.





## LIMITED PARTNERSHIPS

The key features of an Isle of Man Limited Partnership are the following:

- Ability of Limited Partners to withdraw capital without affecting Limited Partner Status.
- Limited Partnerships may register as an International Limited Partnership and be treated as a separate entity for income tax purposes. In this case, the same rules will apply with regard to tax rates as is the case with International Companies (summarised previously).

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.

## SHIP REGISTRATION

For a vessel to qualify for Isle of Man registration it must be owned by a British National or citizen of a British Dependent Territory or by a corporate entity established under the laws of the Isle of Man, United Kingdom, Channel Islands, Republic of Ireland or any British Dependent Territory. Jurisdictions such as the British Virgin Islands and the Cayman Islands are deemed to be British Dependent Territories.

The Manx Register is part of the British Register and Manx registered commercial vessels and yachts are British Ships. Manx registered ships are however under the separate jurisdiction of the Isle of Man Marine Administration which has a reputation for efficiency.

Detailed Ship and Yacht Registry fact-files are published by the Isle of Man Government, which provide full details of ownership and registration requirements. These fact-files are available from this office which is listed as an Agent for vessel registration in the Isle of Man.

In 1991 a Bareboat Charter Registry was established.



## COMPANIES

### *Isle of Man Companies*

#### **Company Incorporation**

£1,600

*This amount is inclusive of stamp duties and filing fees and represents our fees for obtaining name approval, preparing and filing the corporate documentation, obtaining a company seal, holding of a subscribers' meeting, preparing an initial register of members and an initial register of officers; and general correspondence and communication with our instructing party in respect of the foregoing.*

#### **Annual Fee**

£1,750

*Annual fees represent the amount billed for the provision of officers and the provision of the registered office of the Company. Annual fees do not include any work of an administrative or accounting nature. This is charged separately and in this regard you are referred to "General Fee Information" below.*

### *Foreign Companies*

Trident Trust Company (I.O.M.) Limited provides administrative services to companies which may be incorporated or established under the laws of other jurisdictions. Details of formation costs will be provided upon request.

#### **Annual Fee**

£1,500

*Annual fees represent the amount billed for the provision of officers. Annual fees do not include charges payable to agents or government authorities in the jurisdiction of incorporation; nor do they include any work of an administrative or accounting nature. This is charged separately and in this regard you are referred to "General Fee Information" below.*

## TRUSTS

#### **Trust Formation**

£1,500

*This amount represents our fees for preparing the trust documentation, attending to the receipt of the initial funds settled and holding the initial Trustee meeting; and general correspondence and communication with our instructing party in respect of the foregoing.*

#### **Annual Fee (based on value of trust fund)**

Up to £2 million	£1,500
£2 million to £5 million	£2,000
Above £5 million	£2,500

*Annual fees represent the amount billed for acting as Trustee. Annual fees do not include any work of an administrative or accounting nature. This is charged separately and in this regard you are referred to "General Fee Information" below.*



## LIMITED PARTNERSHIPS

<b>Acceptance and Registration</b>	from £1,000
<b>Annual Representation</b>	from £750

## GENERAL FEE INFORMATION

Annual fees are billed in advance upon formation and annually thereafter. In accordance with our Standard Terms of Business, annual fees are not refundable.

Work performed in addition to the services described above will be charged at our standard rates applicable to the personnel performing the work. Such time will be billed in arrears either monthly or quarterly depending on the volume of work performed.

- Applicable hourly rates for services charged on a time-spent basis are as follows:
  - Directors £140-£280
  - Senior Managers £120-£200
  - Qualified Accountants & Lawyers £120-£240
  - Company Administrators £95-£190
  - Company Secretarial Staff £95-£135
  - Secretarial Staff £45-£90
- The above fees exclude third party disbursements – which are billed separately.
- Special transaction fees may be levied for work of a particularly onerous, time critical, high value or otherwise exceptional nature.
- Transaction fees will be levied for work relating to compliance with international and/or local laws and regulations, such as anti-money laundering legislation and corporate governance regulations.
- Whilst Company Incorporation and Trust Formation fees include some element of information gathering and verification in respect of KYC (Know Your Client) requirements, more complex situations or arrangements will result in additional fees and charges. These will be subject to discussion and agreement prior to establishment of the Company and/or Trust structure concerned.



## GENERAL FEE INFORMATION (CONTINUED)

- Company Incorporation and Trust Formation fees are not applicable where we accept “transfer” of a Company or Trust from another service provider. In these situations, fees will be subject to discussion and agreement prior to transfer of the Company or Trust concerned. Ordinarily, the work involved exceeds that involved in the establishment of a new Company or Trust and this will be reflected in the fees proposed in connection with the transfer.
- We reserve the right to retain brokerage, insurance or any other commissions received in the normal course of business.
- Terms of payment are settlement within 30 days. If terms are not adhered to we reserve the right to charge interest on overdue accounts at the rate of 1% per month.
- Fees are subject to annual review.
- Fees are shown net of Value Added Tax which is applied to all trust services at a rate of 17.5%. Value Added Tax is applied to corporate services unless the ownership of the company or companies concerned vests in persons or organizations outside the European Customs Area or unless European rules allow services to be provided without adding Value Added Tax. Further details can be provided upon request.



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