

# The Isle of Man

## A Low Tax European Jurisdiction

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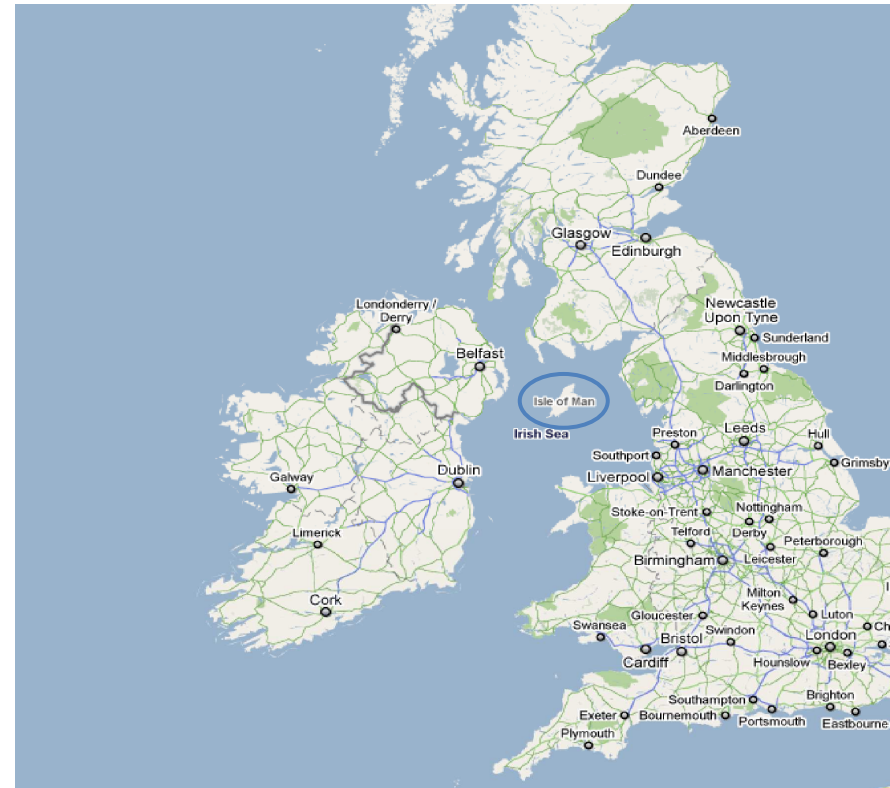
**Gregory Jones, KPMG**

Cains



ABCD

# Location



Cains



Isle of Man  
Government  
*Keilrys Ellan Vannin*

Isle of Man  
Freedom to Flourish

ABCD

# Geopolitical Situation

- British Isles.
- Crown dependency.
- Own parliament, government and laws.
- Similar land area to Singapore.

# Infrastructure

- Fastest growing economy in Europe.
- Diversified.
- Benign tax regime.
- Common law legal system.

# International Reviews

- Top AAA rating from Moody's and Standard & Poor's.
- OECD Compliant: “responsible international finance centre”.
- IMF: “defences against money laundering comply with highest global standards”.

# Isle of Man Companies

- Commercially flexible.
- Simple to form.
- Government incorporation fees £190.
- Uses, include SPVs, Funds & Listings.
- Other corporate vehicles:
  - US style LLCs
  - Partnerships
  - PCCs

# Personal Taxes in the Isle of Man

- £9,300 tax-free income band.
- 10% rate up to £10,500 taxable income.
- 20% thereafter.
- £115,000 annual maximum tax liability.
- Double rates/thresholds etc for married couples filing jointly.
- No capital taxes, death duties etc.

# Corporate Taxes in the Isle of Man

- 0% general rate of corporate income tax.
- 10% for banking and local property income.
- No withholding taxes on distributions to shareholders.
- Key industry sectors – banking, funds, corporate service providers, insurance, e-gaming, space.



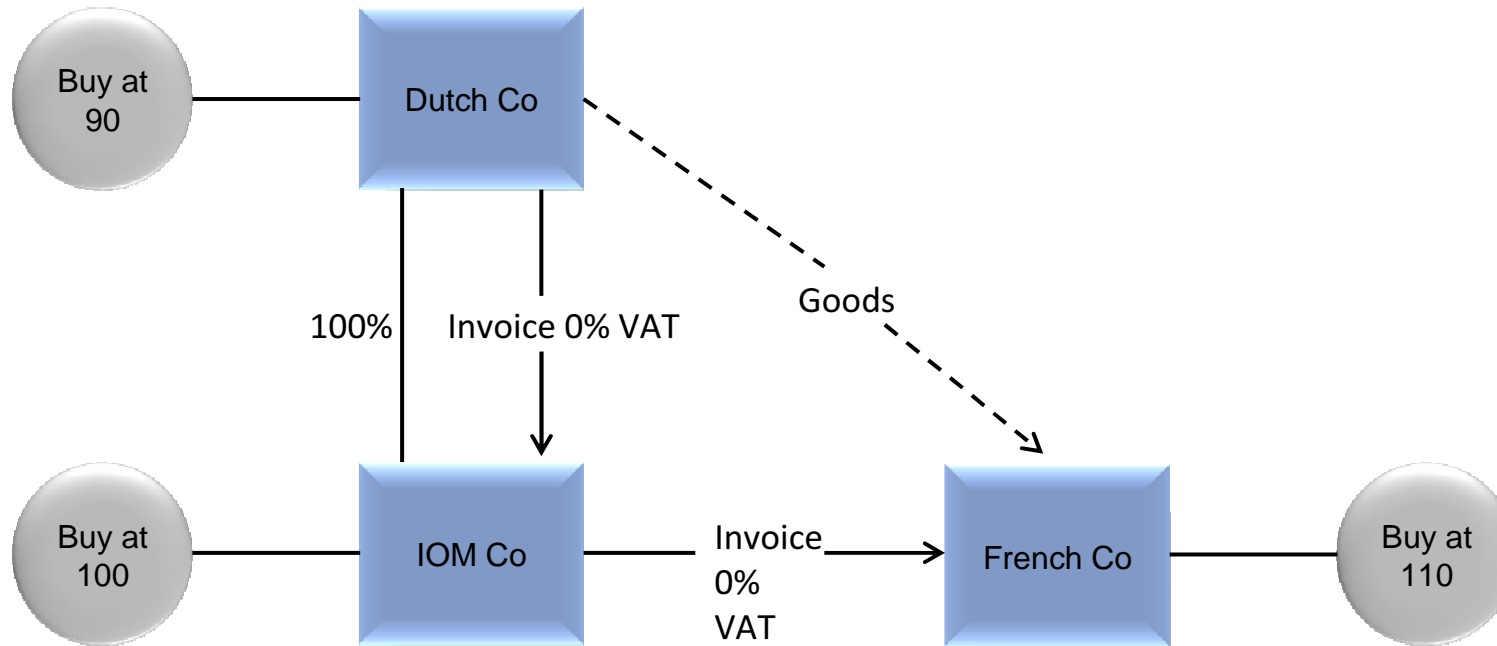
# The International Dimension

- Longstanding (1955) double tax agreement with UK containing Business Profits article.
- Modern double tax treaties with Estonia, Malta and Belgium.
- 18 Taxation Information Exchange Agreements – last one with China (October 2010).
- Complies with EU Savings Directive on interest payments.
- Integrated into EU Value Added Tax system via “common purse” agreement with UK.

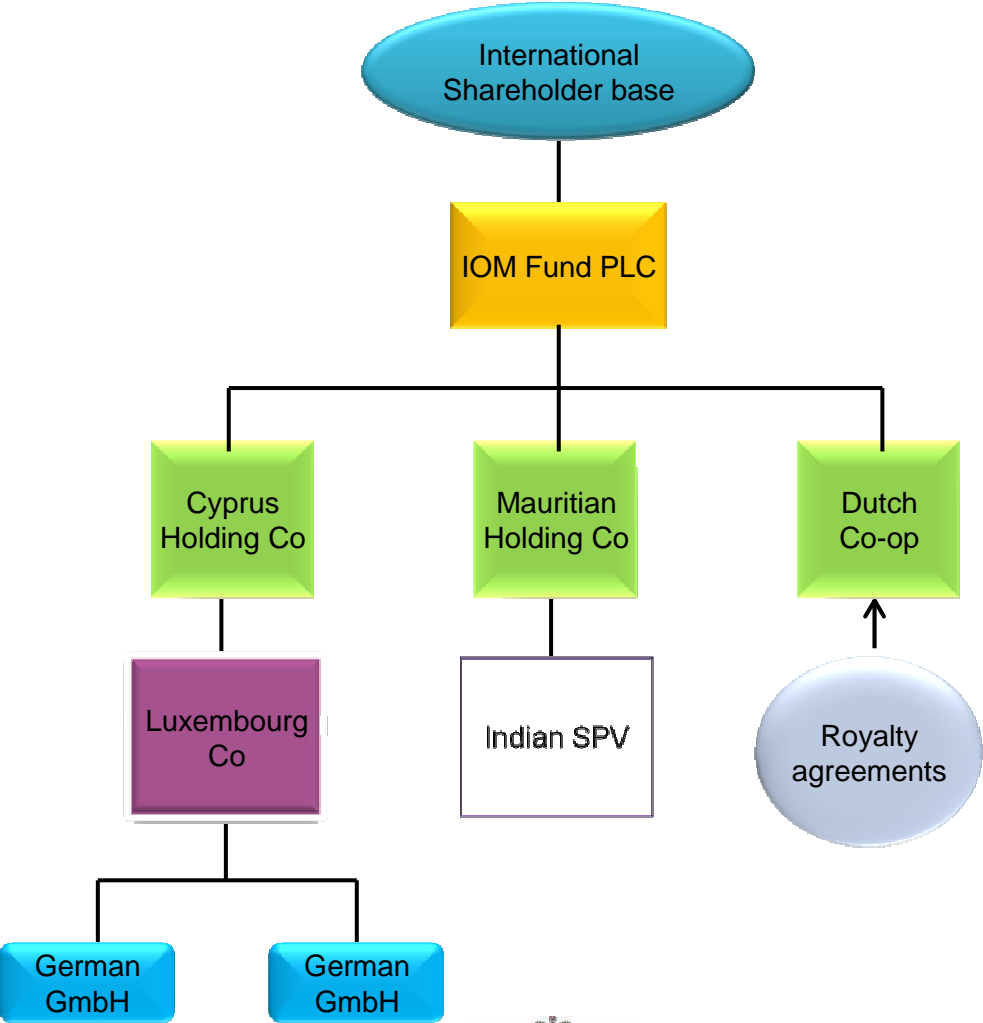
# Value Added Tax (VAT)

- As per UK – standard rate 17.5% (20% from 1.1.11).
- Exports outside IOM/UK 0% or outside scope.
- Imports of services subject to “reverse charge”.
- Exempt supplies include insurance, financial services, books, gaming, health and welfare.
- IOM Customs & Excise approachable and co-operative.

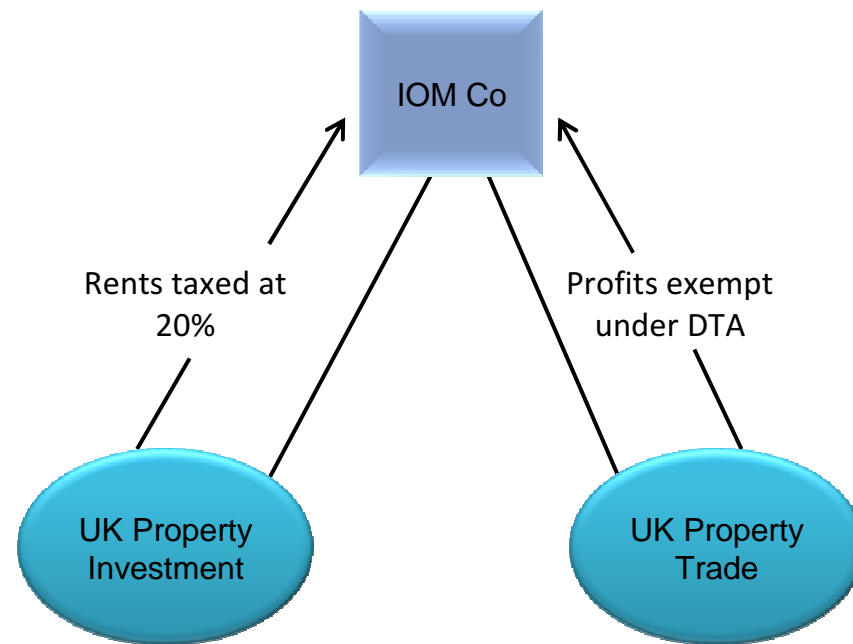
# VAT Triangulation



# IOM Public Companies



# Investing into the UK through the Isle of Man



# Investing into the UK through the Isle of Man

- Net property rents based at 20% in UK.
- No UK tax on capital gains from sale of property.
- Outside scope of UK inheritance tax if IOM Co Ltd owner = non-UK domiciled.
- UK Property trading profits exempt from UK tax under DTA (except to extent trade carried on via permanent establishment).
- IOM tax 0% and no WHT on distributions.
- Can register for UK VAT in IOM to reclaim VAT on property expenditure where appropriate.