Isle of Man Private Foundation

<table>
<thead>
<tr>
<th>General</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of entity</td>
<td>Foundation</td>
</tr>
<tr>
<td>Type of law</td>
<td>Common</td>
</tr>
<tr>
<td>Limited Liability</td>
<td>Yes</td>
</tr>
<tr>
<td>Our time to establish a Foundation</td>
<td>3 – 5 days</td>
</tr>
<tr>
<td>Minimum government fees (excluding taxation)</td>
<td>£ 360</td>
</tr>
<tr>
<td>Corporate Taxation applies</td>
<td>0% - 10%</td>
</tr>
<tr>
<td>Publicly accessible records</td>
<td></td>
</tr>
<tr>
<td>Foundation Instrument</td>
<td>Yes</td>
</tr>
<tr>
<td>Foundation Rules</td>
<td>No</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>No</td>
</tr>
<tr>
<td>Name of Founder</td>
<td>No</td>
</tr>
<tr>
<td>Officers of Foundation</td>
<td></td>
</tr>
<tr>
<td>Enforcer Required</td>
<td>Optional</td>
</tr>
<tr>
<td>Corporate Enforcer permitted</td>
<td>Yes</td>
</tr>
<tr>
<td>Council Members</td>
<td>Yes</td>
</tr>
<tr>
<td>Minimum number of Council Members</td>
<td>One</td>
</tr>
<tr>
<td>Resident Council Member required</td>
<td>No</td>
</tr>
<tr>
<td>Local Requirements</td>
<td></td>
</tr>
<tr>
<td>Registered Agent (licensed in the Isle of Man)</td>
<td>Yes</td>
</tr>
<tr>
<td>Language of Instrument</td>
<td>English</td>
</tr>
<tr>
<td>Language of Rules</td>
<td>Any, but a translation is required</td>
</tr>
<tr>
<td>Accounts</td>
<td></td>
</tr>
<tr>
<td>Requirement to prepare</td>
<td>Yes</td>
</tr>
<tr>
<td>Audit requirements</td>
<td>No</td>
</tr>
<tr>
<td>Requirement to file accounts</td>
<td>No</td>
</tr>
<tr>
<td>Publicly accessible accounts</td>
<td>No</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Annual Return</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**GENERAL INFORMATION**

**Introduction**

The Isle of Man, situated in the centre of the British Isles, is an internally self-governing dependent territory of the British Crown which is not and never has been part of the United Kingdom. It is however, part of the British Isles. 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 defence, are administered on the Island's behalf by the UK Government and the Island makes an annual payment for these services.

**Population**
The population of the Isle of Man is approximately 84,655.

**Political Structure**
The Isle of Man is an independent country, constitutionally an internally self-governing dependent territory of the British Crown; the UK Government does not legislate for the Island except with the specific consent of the Island's Government. Tynwald (Parliament) legislates on all domestic matters including taxation. Tynwald consists of two branches, known as the Upper and Lower. The Legislative Council, (Upper) consists of ten Members and is elected by the lower house, Members include the President of Tynwald, the Lord Bishop of Sodor and Man, HM Attorney General and HM Queen Elizabeth II. The House of Keys, (Lower) has twenty-four Members who are elected and serve a five-year term. HM Queen Elizabeth II holds the title Lord of Man, and is ultimately responsible for the governance of the Island. All legislation passed by Tynwald has to have Royal Assent before being enacted.

The Isle of Man is not a full member of the European Union but it falls within the EU common customs area and the EU common external tariff. The Island’s relationship with the UK is governed by Protocol 3 in the UK’s Accession which means that the Island is part of the customs territory of the community and not regarded as a third party for customs purposes.

More information can be found at [www.gov.im](http://www.gov.im).

**Infrastructure and Economy**
The economy is in its 26th year of growth the key sectors being financial services and professional services, Banking generates around one quarter of the Island’s gross domestic product.

In the last few years new economic activities have been developed, such as aircraft registration and most significantly, e-gaming and other areas of e-commerce due to an infrastructure of world-class telecommunications and services which cater for the full range of modern corporate voice and data communication requirements.

The Isle of Man has been awarded “AA+” Ratings from Standard and Poor and Moody’s.

**Language**
The official and spoken language is English.

**Currency**
The Manx Pound, which is on par with the UK Pound and freely exchangeable

**Exchange Control**
None.

**Type of Law**
Common Law

**Principal Corporate Legislation**
The Foundations Act 2010

**FOUNDATION INFORMATION**

**Purpose**
The Foundation may be used for charitable or non charitable purposes or simply to benefit a person or class of persons.

**Procedure to Incorporate**
The Foundation is established upon the successful application of the “foundation instrument” to the Foundations Registrar. The instrument is submitted by the Registered Agent and contains details:
• Registered Agent’s name and address
• The Foundations Name
• The Foundation Object(s)
• Council Members names and addresses
• Details of dedication of assets

This is a public document.

Similar to a company the Foundation must include its name, business address and registration number in all written communications, including electronic mail, stationery etc.

The Foundation Rules
A Foundation must have Rules which include:

• The procedures to appoint remove and remunerate council members, enforcer and the registered agent
• Provide rules in relation to the office of enforcer, if appointed,
• Rules in relation to any initial or further dedications of assets
• Rules in relation to the duration of the foundation, destination of surplus assets or winding up.

The rules may provide for or restrict amendments to the foundation instrument or the foundation rules. The Foundation Rules may be in any language but must have an English translation.

This is not a public document.

Perpetuity Period
A Foundation can run in perpetuity unlike a trust which has a limited life span.

Funding
Assets are added to the Foundation by dedication and are not initially required. Assets may be dedicated after the foundation’s establishment in which case the details of the dedication must be specified in the foundation rules.

Restrictions on Trading
Foundations are not permitted to:

• Undertake banking or insurance activities or any other activity that might suggest an association with same, without a licence
• Undertake investment business other than the investment of the company’s own assets without a licence
• Neither solicits funds from the public nor offer their shares or membership to the public without a licence.

Powers of Foundation
An Isle of Man Foundation has all the powers of a separate legal entity including the ability to manage and own assets in its own name and arrange for its own funding.

Language of Legislation and Corporate Documents
The Foundation instrument, which is a public record, must be written in English. There is no requirement for the Foundation rules to be written in English, an English translation should be available.

Registered Agent Required
The Foundation must maintain a registered agent who must be a license holder in the Isle of Man under the Financial Services Act 2008.

Time to Establish
Three to five days.

Name Restrictions
The name of the Foundation must end with the word “Foundation”.

This is a public document.
Language of Name
Names can be expressed in any language using the Latin alphabet, if the Registrar of Companies is in receipt of an English translation and the name is not considered undesirable.

Names Requiring Consent or a Licence
The following names or their derivatives require consent or a licence: bank, building society, savings, loans, insurance, assurance, reinsurance, co-operative, council, Chamber of Commerce, trust, municipal and finance or their foreign-language equivalents.

Limited Liability
A Foundation is similar to a company in that it carries limited liability.

COMPLIANCE

Taxation
The rules applying to Limited Companies will also apply to Foundations. Foundation will incur no tax on profits other than those connected with the business of Isle of Man property which will pay corporate tax at a rate of 10%. A withholding tax at the same rate is imposed if the dividend is paid to a non-resident individual or corporate body.

VAT
The Foundation may only engage in commercial trading if it is attainable of its objects. Isle of Man foundations may be registered for VAT purposes and the VAT prefix will be “GB”, which is recognised in Europe.

Financial Statements Required

Whilst there is no requirement to file audited financial statements with the authorities, it is important to note that a Foundation is required to keep financial records, which reflect the financial position of the Foundation.

If accounting records are kept at a place outside the Isle of Man they must be sent to the Foundation's registered office in the Isle of Man at not less than 6 month intervals.

Failure to maintain accounts or make them available for inspection at a company's registered agent 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.

Founder
The person transferring the property to the Foundation is known as the “Founder” similar to a Settlor in a trust. The name of the Founder will not be on public record.

Enforcer
An enforcer is optional unlike other jurisdictions and may be an individual or body corporate. The enforcer can be the Founder.

Council Members
Council Members are appointed similar to a Trustee of a trust. Council members are bound to act within the scope of the foundation rules and have exposure unlimited liability if they engage in misconduct.

Beneficiaries
The beneficiaries of the Foundation are entitled to Foundation information but not necessarily a right to any income.

OTHER TAX PLANNING ENTITIES

Other business entities used for international tax planning include:

- Hybrid Companies
- Limited Liability Companies (LLC)
- New Manx Vehicle Companies (NMV)
• Partnerships
• Trusts

Further information on these alternative structures is available on request.

Disclaimer
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