

Cairns

Business Update: REDOMICILIATION

Companies incorporated in jurisdictions outside the Isle of Man may be able to enjoy the many benefits that the Isle of Man has to offer through the process of redomiciliation.

By the process of redomiciliation, a company incorporated outside the Isle of Man (a “foreign company”) is able to apply to the Isle of Man’s Registrar of Companies (“Registrar”) to be continued as an Isle of Man company (a “continued company”).

The continuance of a foreign company in the Isle of Man does not create a new legal entity or prejudice the continuity of the company, nor does it affect the assets or properties originally held. Furthermore, the continued company will not be released from any contractual obligations, claims and/or actions (criminal or otherwise).

Redomiciliation process

From an Isle of Man perspective, the process of redomiciliation is quick, simple and inexpensive.

An application for consent to be continued in the Isle of Man (in the prescribed form) must be submitted to the Registrar accompanied by, amongst other things:

- a memorandum stating the proposed name of the company, the jurisdiction in which the company was initially incorporated, and the address of the first registered agent of the company in the Isle of Man;
- the articles of association that are to apply to the company upon continuance in the Isle of Man;
- a statutory declaration regarding certain solvency-related matters; and
- payment of the prescribed fee (currently £320).

The benefits of using the Isle of Man as a jurisdiction

By redomiciling to the Isle of Man, a company would be able to enjoy, amongst other things:

- the Isle of Man’s first-class reputation as a well regulated international finance centre (reinforced by Moody’s and Standard & Poor’s “AAA” rating);
- the Isle of Man’s favourable tax regime: a zero percent income tax rate for companies and no capital gains tax, inheritance tax, stamp duty (including on share transfers) or withholdings on dividends;
- the similarity of the underlying principles of Isle of Man law to English law; and
- the ability to obtain a stock exchange listing without the need for prior regulatory approval in the Isle of Man.

In addition, some of the key advantages applicable to an Isle of Man company include, but are not limited to:

- (a) an unlimited capacity to carry on or undertake any business activity notwithstanding corporate benefit; (b) no financial assistance prohibitions; (c) reduced compulsory filings; (d) no annual general meeting requirement; (e) non-prescriptive accounting requirements; and (f) the ability to pay dividends and make capital distributions (including via the redemption or purchase of shares) subject only to meeting a statutory solvency test.

Business Update:
REDOMICILIATION continued



The Isle of Man's international reputation

Following the G20 summit in London, the Isle of Man was included on the OECD 'white list' of countries complying with the global standard for tax co-operation and exchange of information. Over the past seven years, the Isle of Man has signed more tax information exchange agreements than any of its counterparts, including agreements with the United Kingdom, France and Germany.

The Isle of Man's inclusion on the white list reinforces its reputation as an international business centre of quality. In addition, the Isle of Man has a strong track record of complying with international standards of financial regulation, as assessed by the International Monetary Fund and others.

Cains

Cains is a leading international law practice incorporated in the Isle of Man. Cains' ability to provide legal service of the highest standards to its international clients was recognised when it was named as 'Offshore Firm of the Year' by the judges of *The Lawyer Awards 2008* and *Legal Week's 2007 British Legal Awards*. In April 2009, Cains gained the Queen's Award for Enterprise in the International Trade category, the highest honour that can be bestowed on a British business.

In addition to the Isle of Man, the company has offices in London and Singapore.

Cains' in-house fiduciary service provider, Equity Limited, is a licensed administrator of special purpose vehicles and trusts, offering our clients an efficient and competitive service in relation to the establishment of investment structures of all descriptions.

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This guide is believed to be accurate on the basis of materials and information available as at June 2009

Please note that this guide is intended to provide an introduction to the Isle of Man and the possibilities that exist for establishing various types of structure in the jurisdiction. It seeks only to give the reader an overall view of the subject and is not a substitute for specific advice.

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