

Business Update:

The 2006 Act Company as a SPV

A company incorporated in the Isle of Man under the Companies Act 2006 (“2006 Act Company”) is well-suited for use as a special purpose vehicle.

The 2006 Act Company

The 2006 Act Company is easy to administer and is subject to reduced regulatory requirements:

- an incorporation fee of £100 and thereafter an annual return filing fee of £380;
- simple and quick incorporation process;
- corporate director and single director (of any nationality) permissible;
- single member (of any nationality) permissible;
- confidentiality of the register of directors, shareholders and charges;
- less prescriptive accounting requirements;
- no annual general meeting obligation;
- no financial assistance or directors’ loans prohibition;
- simplified offering document requirements; and
- easy conversion of the company structure to that of a protected cell company.

Further, the directors of a 2006 Act Company are able (subject only to a simple statutory solvency test) to:

- declare and pay dividends and make capital distributions (including distributions of assets in specie); and
- effect a purchase, redemption or acquisition of the company’s shares.

The benefits of using the Isle of Man as a jurisdiction

In addition to the flexible nature of the 2006 Act Company, the benefits of the Isle of Man include:

- conveniently located, in the same time zone as London;
- the Isle of Man’s first-class reputation as a responsible, co-operative and well regulated international finance centre (reinforced by Moody’s “Aa1” rating);
- placed on the “white list” by the OECD in April 2009;
- Isle of Man company law is derived from English law;
- 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; and
- the ability to obtain a stock exchange listing without the need for prior regulatory approval in the Isle of Man.

Isle of Man corporate vehicles have direct access to global capital markets and have an established record of listings on recognised stock exchanges in London, Hong Kong, Singapore, Frankfurt, Johannesburg and Toronto.

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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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