

# Isle of Man Companies Comparative Highlights 1931 vs 2006

Isle of Man law allows for a wide range of traditional and non-traditional corporate vehicles to be used for businesses.

These include Limited Partnerships; Limited Liability Companies and Protected Cell Companies, as well as the more traditional forms of company being companies limited by shares or by guarantee.

The most common types of company incorporated within the Isle of Man are companies limited by shares and the Isle of Man has two separate company law regimes that apply to these types of company. Those companies incorporated under the Companies Acts 1931-2004 ("1931 Act Companies") and those companies incorporated under the Companies Act 2006 ("2006 Act Companies").

The table below sets out some, but by no means all, of the key differences between the two forms of company.

## Key differences

|                      | 1931 Act Companies   | 2006 Act Companies   |
|----------------------|--|--|
| Names                | Limited, Ltd, Public Limited Company, Plc or PLC   | Limited (or Ltd), Incorporated (or Inc.), Plc or PLC, Corporation (or Corp), Unlimited (or Unltd), Protected Cell Company, PCC (or Pcc)  |
| Types of company     | A company can be public or private. If a company is public it must have Plc or PLC or Public Limited Company as part of its name.  | No distinction between public and private companies. A company with any name (e.g. Ltd, Plc, Inc., Unltd, etc.) can offer its shares publicly.   |
| Directors            | Must have at least two directors. Corporate directors are not permitted.   | Can have a sole director. In certain circumstances corporate directors are permitted.  |
| Changes in directors | Must file notices to the Isle of Man Companies Registry (the "Registry") regarding changes in director (appointment, resignation or cessation).                                | No requirement to file notice with the Registry of any changes in director but may elect to do so.   |
| Secretary            | A company must have a company secretary.   | There is no requirement for a company secretary but all companies must have a registered agent.  |
| Accounts             | No filing requirement for private companies and some can be audit exempt. Public companies must file audited balance sheet and auditors' report with the Registry.             | No requirement to file accounts or to have them audited.   |
| Capital maintenance  | Maintenance of capital requirements. Restriction on use of capital for financial assistance in relation to public companies and limits on buy-backs and redemptions of shares. | No requirement for authorised share capital, no capital maintenance requirement, no restrictions on giving financial assistance (subject to satisfaction of the statutory Solvency Test) |

continued over

## Key differences continued

|                                  |  |  |
|----------------------------------|--|--|
| Dividends                        | Dividends are only payable out of distributable profits and there are a number of elements that need to be considered before declaring such a dividend or distribution.                  | Dividends and distributions are payable at the discretion of the directors (subject to satisfaction of the statutory Solvency Test)  |
| Annual General Meetings (“AGMs”) | AGMs must be held once a year and not more than 15 months from the date of the previous one. A dispensation is available.  | No requirement to hold AGMs.   |
| Types of shareholder resolutions | “Ordinary”, “Special” and “Extraordinary” resolutions are used where required  | No prescribed types of resolutions   |
| Share capital                    | Generally no minimum share capital requirements for public or private companies, but shares must have a nominal value. Public companies must have a minimum of two members at all times. | Shares may be issued with or without par value.<br><br>Can have a single member.<br><br>Directors can allot shares at such times, to such person, for such consideration and on such terms as the directors determine.<br><br>Directors can alter share capital. |
| Reduction of share capital       | Requires a special resolution and a court order  | No court order required (but need to satisfy the statutory Solvency Test)  |
| Shareholder Registers            | A company must file particulars of its shareholders with its annual return.<br><br>The Beneficial Ownership Act 2017 (as amended) applies  | No requirement to file particulars of shareholders with annual returns. However, the registered agent must keep and hold an accurate register of members.<br><br>The Beneficial Ownership Act 2017 (as amended) applies  |
| Charges/Security                 | A company must file (together with a Form 47) an original or a certified copy of any registrable charge made against it with the Registry within one month of its creation.              | No requirement to file copies of charges entered into by the company. Security registration is effected by filing an IM16 form alone, and filings may be made within one month of the charge's creation.   |

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