

Business Update:

Isle of Man focuses on quality and cost to fly high in stormy skies

The Isle of Man offers market-leading quality of service, allied with a highly regarded standard of regulation, to aircraft owners in a legal system where financiers can feel protected.

The Isle of Man has become the jurisdiction of choice for the registration and ownership of high quality private and corporate owned business jets and turbine-engine helicopters. Despite challenging market conditions, in the last half decade the Isle of Man Aircraft Register has not only proved to be the world's fastest growing dedicated business jet register, but has also been voted the world's best by an international survey of business aviation lawyers.

The advantages of using the Isle of Man for aircraft registration, ownership, importation and finance include:

Personal Service - the Isle of Man Aircraft Registry's success is built on the quality of service it provides. Its staff are dedicated to providing a highly professional, but also user-friendly and personal, service. The Registry is a division of the Isle of Man Government and is neither part of the UK Civil Aviation Authority (CAA) nor a privately owned business;

Lowest Charges - the Registry's fees and charges are set at the lowest level needed to cover its operating costs, making the Isle of Man one of the most cost effective jurisdictions in the world for the registration for private and corporate owned business aircraft;

Robust Framework - the underlying legislation is based on United Kingdom legislation, but with favourable modifications. This gives the Register a legally robust and internationally recognised footing, whilst being more flexible to business jet owners' needs;

Flexibility - The Isle of Man is not an EASA member state. Aircraft, crew licences and maintenance organisations that comply with reputable international standards (such as FAA and EASA) are generally accepted by the Registry without the imposition of further requirements, such as modifying the aircraft or retraining crew;

M Prefix - Isle of Man registered aircraft bear the prefix M, followed by four characters (e.g. M-YJET). Some owners find the political neutrality of the M prefix to be desirable, whilst

others enjoy inventing registration marks that are personal to them or their business. The Registry permits the registration of out-of-sequence marks and the transfer of registration marks to future aircraft;

Finance - The Isle of Man is popular with business jet financiers due to its creditor-friendly legal system and the certainty provided by Registry's mortgage system. The Registry has experience of, and well established procedures covering, the repossession and sale of Isle of Man registered aircraft;

Leasing - although Isle of Man registered aircraft cannot be used for commercial air transport or aerial work, subject to certain conditions, aircraft are permitted by the Registry to be chartered to related companies and dry-leased to third parties;

Qualified Owners - although there are legal and tax benefits to using an Isle of Man company to own an aircraft (see below), this is not a condition to an aircraft's registration. Bodies incorporated in the Commonwealth, Economic Area (EEA) states and Switzerland are all (among others) qualified to be the legal and registered owner of an Isle of Man registered aircraft. Where an unqualified person is the legal owner of the aircraft, the aircraft may still be registered in the Isle of Man provided it is dry leased to and registered in the name of a qualifying lessee;

Dynamic Company Law - the modern form of Isle of Man company is ideal for use in aircraft ownership structures. The company is a hybrid of the best characteristics of the international business companies which exist in other jurisdictions and traditional concepts of Isle of Man company law, creating a company which is legally robust, yet flexible, cost-effective and easy to administer. Traditional companies, limited liability companies (LLCs), hybrid companies, protected cell companies, foundations and general and limited partnerships can also be created under Isle of Man law;

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Direct Taxation - the Isle of Man offers a tax neutral base to facilitate efficient international tax planning. The standard rate of income tax for companies in the Isle of Man is zero per cent and there are no capital gains, stamp duty, insurance premium or analogous taxes;

Indirect Taxation - the Isle of Man is treated as part of the European Union for VAT and customs duty purposes. The Isle of Man is an extremely popular jurisdiction for the importation of business jets into free circulation in the EU. It is also a popular location for the tax efficient sale of aircraft. Special arrangements such as VAT deferment accounts and customs warehousing are potentially available to assist aircraft owners;

Expertise - a significant body of local business aviation expertise has developed from the popularity of the jurisdiction for business aviation and the resulting cluster effect. The Isle of Man is home to numerous operators, law firms, fiduciary services providers, tax advisory firms, insurance firms and other businesses that have dedicated business aviation specialists; and


White List Jurisdiction - the Isle of Man is one of the world's most respected and well regulated international financial centres (reinforced by jurisdiction's "AA+" and "Aa1" ratings by Standard & Poors and Moody's respectively), providing a stable political and legal environment in which to do business. At the time of its original publication, the Isle of Man was the only international financial centre with a dedicated business aircraft register to appear on the OECD 'white list' of countries complying with the global standard for tax co-operation and exchange of information.

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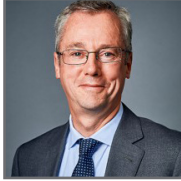
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