


Business Update: ISLE OF MAN FOCUSES ON QUALITY AND COST TO FLY HIGH IN STORMY SKIES

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The Isle of Man offers high quality service at low cost to aircraft owners in a legal system where financiers can feel protected.

In the current economic climate, the value and benefits offered to aircraft owners and financiers by the Isle of Man are proving more attractive than ever. Consequently, the Isle of Man is quickly becoming the leading jurisdiction for the registration and ownership of high quality private and corporate owned business jets and turbine-engine helicopters.

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

Personal Service – the Isle of Man Aircraft Registry's reputation 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 (for the avoidance of doubt) is not part of the UK Civil Aviation Authority (CAA) or the CAA's subsidiary, Air Safety Support International (ASSI);

Lowest Charges – unlike many of its competitors, the Registry is not required to be profit making. Its fees and charges are set at the lowest level needed to cover its operating costs, making the Isle of Man probably the most cost effective jurisdiction in the world for the registration for private and corporate owned business aircraft;

Robust Framework – the Register is effectively an independently operated British Register 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 owners' needs;

Flexibility – 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;

British Time Zone – the Isle of Man is within the British time zone, making it the only European based register dedicated to private and corporate owned business aircraft;

Intragroup Chartering – although Isle of Man registered aircraft cannot be chartered to third parties, aircraft are permitted by the Registry to be chartered between related group companies.

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 and undertakings formed and managed in European Economic Area (EEA) states are all (among others) qualified to own Isle of Man registered aircraft;

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, and general and limited partnerships can also be created under Isle of Man law;

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

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 and Isle of Man companies can be part of United Kingdom VAT groups;

Existing Expertise – the Register utilises an existing body of expertise in the Isle of Man that has developed from its use as a centre for aircraft aviation finance and leasing. Isle of Man corporate and trust structures are frequently used by major international airlines and aircraft operators in aircraft ownership and financing structures;

One-Stop Shop – the Isle of Man is one of the world's leading centres for super-yacht registration, management and ownership. Many super-yacht owners also own aircraft and can use the Isle of Man as a "one-stop shop". Working relationships with Isle of Man firms developed in the course of

providing professional services in relation to a client's yacht can easily be extended to cover a client's aircraft; and

White List Jurisdiction – the Isle of Man is one of the world's most respected and well regulated international financial centres (reinforced by Moody's and Standard & Poor's "AAA" accreditation), providing a stable political and legal environment in which to do business. The Isle of Man is the only international financial centre with a dedicated business aircraft register that appears on the OECD 'white list' of countries complying with the global standard for tax co-operation and exchange of information.

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Cains is a leading international law practice incorporated in the Isle of Man. Cains' ability to provide legal services of the highest standards to its international clients was recognised when it was awarded the Queen's Award for Enterprise in the International Trade category in April 2009. Cains has previously been named as 'Offshore Firm of the Year' by the judges of *The Lawyer Awards 2008* and *Legal Week's 2007 British Legal Awards*. In addition to the Isle of Man, it has offices in London and Singapore.

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This publication is intended merely to highlight issues and not to be comprehensive, nor to provide legal advice. Should you have any questions on issues reported here or on other areas of law, please contact one of your regular contacts at Cains or the above individuals.

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