Isle Of Man: Your Gateway To The European Union

The markets of the European Union offer enormous potential for all businesses. They also present challenges in terms of differing languages, legislation and regulation.

The Isle of Man is an international finance and business centre in the heart of Europe which can help overcome these challenges while maximising the financial opportunity. It is a place where people and business can find the right environment in which to reach their full potential, giving them the Freedom to Flourish.

“The Isle of Man and the City of London are boosting each other’s competitive edge. Assets worth billions of pounds held by Isle of Man companies are invested in and through the City. The way we see it is that the Isle of Man is a core asset of the City.”

 The Lord Mayor of London, Alderman David Lewis, speaking in November 2007

This brochure provides background information concerning the Isle of Man and most importantly why the Island offers a compelling package of benefits to businesses seeking to trade with Europe.

About the Isle of Man

The Isle of Man is situated in the centre of the British Isles. It is a self-governing dependent territory of the British Crown. It is not part of the United Kingdom (UK) but is a member of the British Commonwealth. It is not itself a Member State of the European Union, yet it has full European Union (EU) market access for both manufactured and agricultural goods.

The Isle of Man’s Parliament, known as Tynwald, makes its own laws and taxes. External issues, such as foreign representation and defence, are administered on the Isle of Man’s behalf by the UK Government. The Isle of Man has used its autonomy and market access to good effect, establishing itself as a highly regarded international business centre. For example, it has won the award for ‘Best International Finance Centre’ for 7 out of the last 8 years (source: International Investment Magazine). The Island’s ability to run a first class international finance centre, despite the current adverse global forces, has been underscored by both Standard & Poor’s and Moody’s decision in July 2008 to again award the Isle of Man their highest ‘AAA’ sovereign credit ratings.

The Isle of Man’s economy is diverse and one of the fastest growing in Europe, with real gross domestic product (GDP) growth averaging over 6% a year for more than a decade and real growth of 7.7% between 2006/2007. The Isle of Man’s per capita national income as a result is now 18% higher than in the United Kingdom and 24% higher than in the fifteen countries that until 2004 constituted the European Union.

The Isle of Man enjoys excellent links to 20 major airports in the UK, Ireland and Channel Islands, making it an ideal base for onward travel to Europe and beyond. Average travel times by air include:

- London: 75 minutes
- Manchester: 45 minutes
- Dublin: 30 minutes
Isle of Man: a small island offering big advantages

The Isle of Man provides a range of important advantages that make it a jurisdiction worthy of consideration for both existing European import/export companies, and businesses wishing to establish import/export operations in Europe. These advantages include:

Supportive, business-friendly Government

• The Government of this independent nation is agile and responsive, able to meet the needs of both business and local communities by creating effective new legislation, cutting red tape and reducing bureaucracy.

• Business leaders can gain access to Ministers and senior officials rapidly. Change can be delivered far faster than in large jurisdictions.

• The Isle of Man is ranked Europe’s 4th ‘Most Business Friendly’ region by Foreign Direct Investment Magazine (part of the FT Group) European Regions of the Future Awards, February 2008.

• A full range of modern legal vehicles are available which can support every type of business from partnerships to simple companies through to listed Stock Market entities, underpinned by appropriate regulation.

• Isle of Man Government retains the top grade Standard and Poor’s AAA+ credit rating.

Familiar Customs & Excise – with excellent service

• The Isle of Man is in a unique customs and excise union with the UK. This means all rates of duty, VAT, forms, processes are familiar and proven, giving simplified access to the UK and the rest of Europe but in a low tax environment. The best of both worlds.

• Familiar, yet better: the Isle of Man has its own electronic Entry Processing Unit (e-EPU) which will offer its businesses a high standard of service. Importers, exporters and/or their agents are able to electronically declare their imports or exports of goods from and to non-EU countries into or out of the Isle of Man and UK using the main import/export computer system for the Isle of Man and UK called CHIEF (Customs Handling of Import and Export Freight). This allows importers, exporters or agents to obtain system-generated customs clearance.

• EU member states are currently standardising their import and export procedures to enable goods to be processed in any port or airport with a target date of 2010. Such a ‘one stop shop’ approach will allow Isle of Man e-EPU users to import/export goods anywhere in the EU while accounting for their arrival/departure via the Isle of Man e-EPU. From that point, businesses based in the Isle of Man will be able to trade throughout Europe even more effectively and efficiently.
Low Tax Environment

- For business the rate of corporate tax is 0%. Creating businesses with offices and staff (and paying tax) in each European country can quickly become expensive. Establishing a European headquarters in the Isle of Man can cut operational costs and taxes.

- For individuals the base rate of income tax is 10% and the peak rate is 18% capped at £100,000 per person.

- There is no capital gains tax, inheritance tax or wealth tax in the Isle of Man.

- Additionally, the Government is negotiating a network of bilateral tax agreements with key trading partners to give Isle of Man businesses further competitive advantage. To date, agreements with the UK, USA and Nordic countries have been agreed. In fact over 20 new tax agreements have been signed over the past 2 years including the first tax agreements with Ireland, providing a platform for new business opportunities.

Access to financial and professional services

- The Isle of Man is an international finance and business centre, with experienced distribution, corporate, banking, legal and accounting services experienced in multinational business.

- The legal system is based on English law, bringing the benefits of familiarity with proven case law.

- Being located in a European time zone facilitates working across Europe.

- It estimated that the Isle of Man already manages and administers well in excess of $500bn.

- With a highly respected yet light touch regulatory regime, for whatever type of business you engage in you will find a refreshingly different attitude that supports you rather than hinders your progress.

Access to capital

- For many businesses growing rapidly, the ability to raise capital is vital. The Isle of Man is the jurisdiction most preferred by non-UK companies wishing to incorporate when listing on London Stock Exchange’s Alternative Investment Market * (AIM), including several Chinese and Indian companies. This is due to the Isle of Man’s reputation, its strong links with the City of London, its financial and professional services expertise, as well as tax advantages.

(Source: survey of the top 100 non-UK companies listed currently on AIM - Hemscott, April 2007)

* - AIM is an international market for growing companies. Since its launch in 1995, over 2,500 companies have joined AIM raising more than $70bn. The Isle of Man now holds just under 5% of all AIM listings.
Dynamic labour market

- As the Isle of Man is not a member of the EU it maintains its own employment law, which does not include many of the EU restrictions such as the Working Time Directive.
- The Isle of Man is a truly international place – less than half the population was born here. As a result it has a proven record for attracting and welcoming talent from around the world.

High quality of life

- Quality of life on the Isle of Man is high, with little commuting, diverse career opportunities, low personal taxes, very low crime and a lively arts and cultural scene. Recently the Isle of Man was rated the happiest place in the world to live when compared to a 30-country survey. (Source: HPI market research, 2005)
- The Isle of Man has a heritage of originality and innovation spanning centuries. That is why there is not only a vibrant arts and cultural scene but also successful new sectors such as shipping, film-making, aerospace and electronic commerce.
- The Isle of Man is an active community, with high levels of charitable contributions and sports participation. It boasts 9 golf courses including a true links course at Castletown and offers excellent sporting and leisure opportunities. It is also home to both sporting world champions, such as cycling's Mark Cavendish, and diverse international events like the Isle of Man TT Races motorcycle event, which is over 100 years old and internationally renowned.

What business may benefit from locating in the Isle of Man?

- Multinational companies who already have a presence in the UK or EU. Some or all of these functions can be transferred to the Isle of Man with potential taxation savings and increased efficiencies through centralisation of import/export and other back office functions.
- Manufacturing or trading companies that do not currently have a presence in the UK or EU and are seeking to enter the UK or European market. The Isle of Man is a cost-effective alternative to establishment within the EU.
- Supply chain and logistics companies specialising on the sourcing and distribution of goods worldwide.
- UK-based importers specialising on the sourcing and importation of goods for onward sale and distribution to wholesale and retail businesses in the UK and EU. The Isle of Man is an attractive relocation option for the businesses and their principals personally.
- UK-based import/export and freight agents specialising in the technical aspects of the importation of goods into the UK. These businesses will have the technical expertise that is essential to the operation of the EPU system.
Choose Isle of Man

The Isle of Man Government welcomes a wide range of investors including international businesses who wish to establish:

- A European or global headquarters, which may include administration and sales offices and product showrooms on the Isle of Man to coordinate and manage importation of goods into the UK and EU.
- A European subsidiary or separate business, possibly seeking finance raised in Europe.
- Related financial and professional services businesses to facilitate such business across Europe.

If you are looking to grow your European revenues and profits, the Isle of Man offers you and your business a supportive environment to live, work and succeed.

Isle of Man
Giving you Freedom to Flourish

Contacts

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The Isle of Man is a land of possibility where people and business will find the right environment in which to reach their full potential.