

“When in Rome”... equally applies to the Isle of Man

I'm sure you've all heard of the above well-intentioned advice offered to travellers to adopt and respect the local customs and regulations.

Taking note of it has come to my aid in a few far-flung places, and the Isle of Man is no exception to that!

Local knowledge is invaluable in getting the most out of being away from home, and that applies to Companies as well as humans. There are potential risks, both financial and reputational, for carrying out a business or trading in the Isle of Man if your Company was not incorporated on the Island. Previously the statutory requirements were kept in a 'safe place' Part XI of the Companies Act 1931 but, with effect from 1st August 2014, these are repealed and replaced by a stand-alone piece of legislation the “Foreign Companies Act 2014” – which makes them much easier to locate and identify.

I'm sure you're asking “Why do I need to know?” and “How will this affect my Company?”

The basic requirement is that if a Company incorporated outside the Isle of Man has either a regular place from which it does business on or from the Island and/ or owns real estate in the Isle of Man it needs to be registered under the Foreign Companies Act 2014. Examples include a UK high street retailer opening a branch on the Island, an off-Island consultancy firm working here on a longer term project or a property development company acquiring land here. In these instances, the Companies Registry on the Isle of Man needs to know the key information about the “foreign” Company – essentially an abridged version of the details held at its home Companies Registry.

The new Act has relieved the filing burdens in that details of all the Directors and Company Secretary, and any post registration changes to the officers, no longer need to be filed locally; the reasoning for this being that they can be sourced from the home Companies Registry. Our clients have welcomed this change as it will lessen the administration time required in both jurisdictions and deliver potential cost savings.

For those Companies that were registered under the old Part XI rules, their registration is transferred to the new Act. But, whereas Annual Returns had to be filed in the Isle of Man on the anniversary of their registration on the Island, this has now been amended (subject to some transitory exceptions) to the anniversary when the Company was first incorporated – so, be mindful of this. In addition to paying the Annual Return filing fee (currently £380) late filing penalties will now be levied for submissions more than one month after the due filing date. One of the aims of the new Act was to make compliance easier – as a Company Secretary, if you're filing the Annual Return at home, it's much easier to remember that one also needs to be filed in the Isle of Man at the same time.

How can we help? By being available to answer any queries you may have and to provide guidance and designated services on the Island so that you can concentrate on your core operations, knowing that we'll keep you on track here. We know how important it is for businesses to reduce their risks and keep a firm control on their costs. We wouldn't want you to succumb to suffering from something that you'd fallen foul of when visiting our shores which could have easily been avoided if only you'd taken sensible precautions.

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