ISLE OF MAN

2006 ACT COMPANY LIMITED BY SHARES

CLIENT GUIDE 2026

International company formation, 0% standard corporate tax and annual compliance

Professional company formation and ongoing corporate administration

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Isle of Man 2006 Act Company at a Glance

A company limited by shares incorporated under the **Isle of Man Companies Act 2006** is a separate legal entity and a flexible international corporate vehicle. The 2006 Act requires a licensed Isle of Man registered agent and permits streamlined governance, including a single member and one director.

Topic	Current legal / practical position
Company law	Companies Act 2006. A company limited by shares is one of the company types expressly permitted under the Act.
Member(s)	At least one member is required; the member may be an individual or corporate body.
Director	At least one director must be appointed within one month of incorporation. A corporate director is legally possible under the Act, subject to applicable restrictions and professional review.
Registered agent	Mandatory. The registered agent must hold the appropriate **Class 4 licence** from the Isle of Man Financial Services Authority.
Registered office	The memorandum states the first registered office in the Isle of Man; statutory records are maintained through the registered-agent framework.
Share capital	The 2006 Act uses a flexible share structure; the memorandum states the shares subscribed and amount payable. No general statutory minimum capital is stated in the official incorporation guidance.
Standard corporate tax	The standard rate for resident and non-resident companies is **0%**.
Higher-rate activities	Specific income is taxed at higher rates, including **20%** for Isle of Man land/property income and special rates for banking and certain retail business.
VAT	Standard VAT **20%**; reduced **5%**; zero rate for qualifying supplies. Registration threshold generally **£90,000** taxable turnover.

The Principal Tax Advantage

A genuine 0% standard corporate income-tax regime

Unlike many jurisdictions where 0% depends on foreign-source income, the Isle of Man Government publishes a **0% standard corporate tax rate for resident and non-resident companies**. This is a genuine headline corporate-tax advantage, but it does not apply to every category of income.

Important exceptions include Isle of Man land/property income taxed at 20%, and special rates for banking business and certain retail profits. Regulated, property, banking, retail, petroleum and other specialist activities require separate tax/regulatory analysis.

Why the 2006 Act Company?

• 0% standard corporate tax for ordinary company income.

• Single member permitted.

• One director sufficient under the 2006 Act.

• Flexible share and constitutional structure.

• Licensed registered agent provides an Isle of Man professional administration point.

• Internationally recognised common-law finance centre.

• Access to Isle of Man/UK VAT framework for relevant businesses.

• Suitable for holding, international trading, investment and service structures where substance, tax-residence and regulatory requirements are properly addressed.

Members, Directors & Registered Agent

Topic	Current legal / practical position
Member	Minimum one member; individual or corporate.
Director	Minimum one director appointed within one month of incorporation.
Registered agent	Mandatory at all times and must be appropriately licensed in the Isle of Man.
Nominated officer / BO	Beneficial-ownership legislation requires a nominated officer unless exempt; for a 2006 Act company the licensed registered agent commonly fulfils the relevant administrative role.
Name	Proposed company name requires approval; official guidance states approval is valid for three months.

Share Capital & Shares

The 2006 Act is deliberately flexible. For a company limited by shares, the memorandum records the number of shares each subscriber agrees to take and the amount payable for each share. The official 2006 Act incorporation guidance does not prescribe a conventional fixed minimum share-capital amount.

Commercial funding remains important

A flexible or low nominal share structure does not replace real operating finance. Banks, investment counterparties, licensing bodies and service providers will assess whether the company has adequate resources for its intended activities.

Corporate Income Tax - 0% Standard Rate

The Isle of Man Government's corporate-tax table confirms a **0% standard rate for all resident and non-resident companies**. For ordinary international trading, holding and service income that does not fall into a higher-rate category, this can result in no Isle of Man corporate income tax.

Income Taxed Above 0%

The 0% rate is not universal. Government guidance specifies **20%** for land and property income from Isle of Man sources, including petroleum extraction activities/rights from 6 April 2024. Banking business and certain retail business profits are subject to special higher corporate rates. The exact rate must be checked for the accounting period and activity.

Foreign-Source Income

For BRIS clients, the key distinction is that the Isle of Man's 0% advantage is **not merely a foreign-source exemption**. It is the published standard corporate rate. Nevertheless, foreign tax can still arise in countries where the company has management, permanent establishments, customers, assets or taxable activities, and shareholder residence countries may impose CFC or other anti-avoidance rules.

Distributions / Shareholders

The Isle of Man corporate-tax system should be analysed separately from taxation in the shareholder's country of residence. A 0% Manx company-level rate does not guarantee a 0% overall result for the beneficial owner. Dividends, CFC rules, management-and-control tests and personal/company residence rules outside the Island require separate advice.

VAT

The Isle of Man Government confirms VAT rates of **20%** standard, **5%** reduced and **0%** for qualifying zero-rated supplies. Mandatory VAT registration generally arises when taxable supplies exceed **£90,000** over the preceding rolling 12 months, or are expected to exceed £90,000 in the next 30 days alone.

Documents Required from the Client

- Passport / acceptable identification for members, directors and ultimate beneficial owners.
- Recent proof of residential address.
- For corporate members/directors: incorporation, constitutional, management and ownership-chain documents.
- Proposed company name and intended business activities.
- Proposed share structure and amount payable for subscribed shares.
- Proposed director(s), member(s) and beneficial owners.
- Expected countries of operation, customers/suppliers, turnover and transaction profile.
- Source-of-funds and, where appropriate, source-of-wealth evidence.
- Tax-residence / management-and-control information relevant to the proposed structure.
- Certified documents, apostilles/legalisation and professional references where required by the licensed registered agent.

Formation Process & Documents Received

1. Structure/tax review **2.** KYC/AML & business-profile review **3.** Licensed registered-agent acceptance & name approval **4.** Memorandum/articles & incorporation **5.** Tax/VAT/accounting setup **6.** Banking and annual compliance

Typical corporate file: certificate of incorporation; memorandum and articles; company number; registered-office and registered-agent details; register/member and director information; share records; beneficial-owner/nominated-officer records and tax/VAT documentation where applicable.

Official Incorporation Fees

The Companies Registry's current official fees for a 2006 Act company are **£100** for standard incorporation (normally within 48 hours), **£250** for the 2-hour service and **£500** for the while-you-wait service, subject to the Registry's filing cut-offs and requirements. These are government fees only and exclude licensed registered-agent and BRIS professional charges.

Annual Return

Section 85 of the Companies Act 2006 requires an annual return made up to the company's return date. The registered agent must forward it to the Registrar **within one month after that date**. The current Registry fee for an on-time standard-company annual return is **£380**; late fees increase thereafter.

Beneficial Ownership - 2026 Update

The Beneficial Ownership Act 2017 requires identification, verification and electronic recording of registrable beneficial ownership. In 2026 the registrable ownership/control threshold was amended to **25% or more**. Control through other means can be registrable without a percentage threshold. Where no natural person meets the tests after reasonable steps, the nominated officer must make the prescribed declaration and submit Senior Managing Official information.

Accounting Records & Corporate Records

A 2006 Act company must maintain the records required by the Companies Act, including registers and corporate records at the registered-agent office as prescribed. Proper accounting/tax records must also support the company's tax filings and demonstrate the nature of its income, expenses and distributions. The precise financial-statement/audit requirements depend on the company, activity and applicable law/regulation and should be confirmed with the licensed Isle of Man service provider.

0% tax does not mean 'no substance' or 'no reporting'

The company still needs a licensed registered agent, annual return, beneficial-ownership compliance, proper records and tax reporting. International owners must also consider management and control, permanent establishments, CFC rules, economic substance and tax obligations in other countries.

Annual Compliance Checklist

■ Maintain licensed Isle of Man registered agent and registered office.

■ Maintain at least one member and required director(s).

■ Keep registers of members, directors and other statutory records current.

■ File annual return through the registered agent within one month of the return date.

■ Pay the applicable annual return / registered-agent fees.

■ Maintain and update beneficial-owner information under the 2026 rules.

■ Maintain proper accounting and tax records.

■ Submit Isle of Man corporate tax returns / declarations as required.

■ Register/file VAT where the business meets the relevant tests.

■ Review whether any income falls into 10%, 15% or 20% special corporate-tax categories.

■ Review economic-substance requirements where relevant.

■ Maintain bank/service-provider AML/KYC and evidence of genuine business activity.

Banking & Operational Setup

An Isle of Man company may seek banking on the Island or internationally, subject to provider policy. Banks and regulated service providers commonly request the incorporation documents, registered-agent details, directors/members/UBOs, source of funds/wealth, business plan, contracts, expected turnover and jurisdictions of activity. A 0% tax rate does not remove enhanced AML/KYC scrutiny.

Why the Isle of Man Can Be Attractive

Topic	Current legal / practical position
0% standard CIT	Genuine standard corporate income-tax rate of 0% for ordinary company income.
Flexible 2006 Act	Single member, one director and flexible share structure.
Regulated CSP framework	Mandatory licensed registered agent under the Financial Services Act framework.
Established finance centre	Common-law international business and financial-services jurisdiction.
VAT framework	20% standard VAT with UK-linked VAT arrangements and £90,000 registration threshold.
International structures	Useful for properly structured holding, trading, investment and service companies.

How BRIS Group Supports You

Structure & tax review - Assess whether an Isle of Man 2006 Act company and its 0% standard corporate-tax regime fit the client's business and ownership profile.

Formation coordination - Coordinate name approval, memorandum/articles and incorporation with an appropriately licensed Isle of Man registered agent.

Registered agent / office - Coordinate the mandatory Isle of Man licensed registered-agent and registered-office services through the local professional provider.

KYC / UBO - Coordinate member, director, beneficial-owner, source-of-funds and source-of-wealth due diligence.

Tax / VAT coordination - Coordinate Isle of Man corporate-tax, VAT and activity-specific tax support.

International tax review - Identify management/control, permanent-establishment, CFC and shareholder-country issues requiring specialist advice.

Banking preparation - Prepare the corporate/KYC package and coordinate banking introductions where available.

Annual compliance - Coordinate annual return, beneficial ownership, corporate records and ongoing administration.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Isle of Man company formation and maintenance and is not a fee quotation. BRIS Group professional fees, licensed registered-agent/registered-office fees, government charges, tax/VAT work, accounting, banking support and other optional services are quoted separately according to the structure and required work.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Isle of Man or foreign legal, tax, accounting, regulatory or investment advice. The Isle of Man does have a **genuine 0% standard corporate income-tax rate**, but specific categories of income are taxed at higher rates and foreign jurisdictions may tax the company, its activities or its shareholders.

Primary official/legal sources reviewed: Isle of Man Government Companies Registry, including 2026 2006 Act company guidance, incorporation requirements and official fees; Isle of Man Treasury / Income Tax Division, including corporate tax rates and Budget 2026 materials; Isle of Man Customs & Excise VAT guidance; Companies Act 2006; and Isle of Man Government / IOMFSA 2026 beneficial-ownership materials.

Information reviewed: August 2026. Corporate rates for special activities, beneficial-ownership rules, economic-substance requirements, VAT treatment, international tax residence and regulated-business permissions should be reconfirmed for the client's facts before incorporation or transactions.

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Professional incorporation and corporate administration for international clients.