



The Isle of Man – first choice for
the registration of aircraft?

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SMP Partners

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The Isle of Man Aircraft Registry was established on 1 May 2007 to provide a customer focused service for the registration of high quality private and corporate jets and helicopters, excluding those aircraft to be used for commercial air transport. Since then the Registry has registered in excess of 150 aircraft and has become recognised as offering high international standards and a very competitive scheme of charges.

The legislation underpinning the Register follows equivalent UK legislation with certain amendments, which gives the Register a recognisable position, yet being flexible and able to provide an efficient service to owners. In addition there is a Mortgage Register maintained by the Registry which can provide security and comfort to providers of finance.

The Isle of Man has become a recognised centre of excellence for the registration of aircraft, and the other benefits of using the Island for the registration, ownership and financing of aircraft include:

AAA rated jurisdiction

The Isle of Man is self governing, but is a Crown Dependency relying on the United Kingdom for foreign affairs and defence. It is also one of the most respected and well regulated offshore finance centres and retains the AAA accreditation from Moody's and Standard & Poors.

Favourable tax regime

It is not a requirement of the Isle of Man Register that an Isle of Man company must own the aircraft. However, if an Isle of Man company does own the aircraft the company will be liable to tax at the standard rate of 0% on any profits arising. Similarly, no tax would be applied to any dividends paid to shareholders.

The Isle of Man does not levy any form of capital gains tax or stamp duty and neither is Insurance Premium Tax applied to the insurance of aircraft registered on the Isle of Man register.

There may though be taxation liabilities arising from the holding or leasing of an aircraft in other jurisdictions depending on where the beneficial owner and/or directors are resident or where management and control of the company is considered to be exercised.

Part of the EU for VAT and Customs Duty purposes

Whilst the Isle of Man is not part of the UK, nor the EU, it is so treated for VAT purposes by virtue of the United Kingdom/Isle of Man Customs Agreement. As such, the lease of an aircraft is likely to fall within the scope of Isle of Man VAT. In most respects the VAT legislation applying in the Isle of Man is identical to that operating in the United Kingdom.

In addition, it is also necessary to consider the implications of the importation of an aircraft into the EU. Whether VAT is charged on the importation of an aircraft into the United Kingdom or Isle of Man is dependent on the maximum take off weight. Aircraft with a takeoff weight of less than 8,000kgs will be liable to VAT at the standard rate (currently 15%, increasing to 17.5% from 1 January 2010), whilst those with a weight in excess of 8,000kgs will be zero rated. The VAT liability of any subsequent lease of the aircraft will follow the above liabilities.

Where the aircraft is acquired from a supplier based within the EU VAT will not be charged when the customer is based in a different EU country from the customer and is registered there for VAT. The sale is treated as an intra-Community supply and responsibility for accounting for the VAT is changed from the supplier to the customer.

What can SMP Partners do to help?

The ownership, operation and importation of the aircraft are likely to have VAT and Customs Duty implications. We can assist in advising on a structure to hold your aircraft in an efficient manner. Furthermore we can provide and manage appropriate structures to hold the aircraft as well as advising on the direct tax implications of the structure and the potential implications on the beneficial owner of the structure. We can also assist with the registration of the aircraft with the Isle of Man Registry and provide assistance with the management of the aircraft in conjunction with the technical operators.

About SMP Partners

SMP Partners is the largest trust and corporate service provider on the Island. Based in Douglas and independently owned by its Executive Directors, SMP Partners is a well-established professional firm with over one hundred and forty employees. With a highly experienced, multi-disciplined team encompassing company secretarial and trust experts, accounting, tax, VAT and legal specialists, SMP Partners can meet the varied requirements of dynamic entrepreneurs and start ups to large international, multi-faceted groups. Clients of SMP Partners benefit from a unique combination of scale and resource, agility and flexibility.

To find out more about the Isle of Man's Aircraft Registry and the services the SMP Partners Group of Companies can provide, please contact:

David Hudson

SMP Partners Limited

Tel: **+ 44 (0)1624 682241**

Email: david.hudson@smppartners.com

Martin Derbyshire

SMP Partners Limited

Tel: **+ 44 (0)1624 683244**

Email: martin.derbsyshire@smppartners.com

Peter Duchars

SMP Accounting & Tax Limited

Tel: **+ 44 (0)1624 683283**

Email: peter.duchars@smppartners.com

SMP Partners

P.O. Box 227

Clinch's House, Lord Street

Douglas, Isle of Man IM99 1RZ

Tel: **+ 44 (0)1624 683229**

Email: info@smppartners.com

www.smppartners.com