

## **The Isle of Man Aircraft Registry**

The Air Navigation (Isle of Man) Order 2007 came into force on the 1st May 2007, so the Isle of Man aircraft register for private and corporate aircraft is now operational. Some ninety plus aircraft have been registered to date.

The Isle of Man Aircraft Register is a British register operated independently by the Manx Government and for the purposes of the Chicago Convention the United Kingdom is the Contracting State. To a large extent, the legal and regulatory framework relating to the register is based on an extension of the United Kingdom legislation to the Isle of Man, with modifications which deliver advantages to those who use it.

All aircraft registered on the Isle of Man will carry a conventional international registration based on the prefix M, followed by four characters (e.g. M – ABCD). It is possible that the M prefix, being politically neutral, may be preferable to those of other registers for some owners.

The aim of the Isle of Man is to register aircraft that are professionally flown privately and corporately owned business jets (as opposed to commercial airliners). Manx registered aircraft are prohibited from commercial air transport and aerial work. It is anticipated that the register will also be popular for corporate helicopters although current registrations tend to the higher value business jets.

The intention is to complement the super yacht register that has been very successful for the Isle of Man. Many people who own super yachts also own their own private jet and the intention was to create a “one stop shop”. This is not a flag of convenience registration, in the same way as the super yacht register only accepts the highest standards, only aircraft complying with the highest international standards will be accepted. Most aircraft registered to date are either brand new or comparatively recent models.

Aircraft, crew licences and maintenance organisations that comply with reputable international standard, i.e. FAA and EASA, will generally be accepted by the Isle of Man aircraft registry without the imposition of further requirements, such as modifying aircraft or retraining crew. Additionally the location of an aircraft is irrelevant to eligibility for registration on the Isle of Man register. Manx registered aircraft can fly worldwide.

Although many aircraft registered on the Isle of Man will be held in the name of a Manx corporate vehicle this is not always necessary. Bodies incorporated in the Commonwealth and undertakings formed and managed in the European Economic Area states are all qualified to own Isle of Man registered aircraft.

The Isle of Man is already a leading centre for aviation finance and leasing. Isle of Man corporate and trust structures are frequently used in aircraft ownership and financing

structures. Isle of Man registration offers a secure mortgage register in a jurisdiction with high standards of financial regulation.

There are a number of other reasons why the Isle of Man should be considered as a place for a client to register a high value asset.

Firstly the Isle of Man has changed out of all recognition over the last twenty years. Although in some quarters there lingers the misconception that the authorities take a lax attitude, nowadays, that couldn't be further from the truth. The Isle of Man Aircraft Registry is run to very high professional standards and that now extends to most other areas of the Isle of Man's financial and service industries. It could be argued that the Isle of Man suffers from over regulation but it has brought high standards.

There are still tax advantages such as zero rate corporation tax and no insurance premium tax. There are of course no capital taxes. However there are exchange of information mechanisms with most countries and so the basis of tax planning is changing to that of greater transparency. This is facilitated by double taxation agreements that the Isle of Man has recently negotiated and the further agreements with many leading jurisdictions that are in course of negotiation. It is anticipated that these will be finalised in the next year or two.

The scale of charges charged by the Isle of Man Aircraft Registry is highly competitive compared with most jurisdictions, as the Isle of Man Government is not seeking to make a profit from the Aircraft Registry but simply to cover costs. The philosophy behind this is that very often someone wealthy enough to own, personally or through their business, a corporate jet is likely to have other business to bring to the Island. Alternatively they may already have trust or corporate structures on the Isle of Man and the Island doesn't want to lose their business, by having them register their plane elsewhere. The cost savings on registration of a high value corporate jet are significant.

Jets have primarily been mentioned throughout this note because you cannot register an aircraft on the Isle of Man if its maximum total weight authorised is below 5,700 kilograms (subject to an exception to Isle of Man resident individuals) which excludes many turbo props and virtually all piston aircraft. It should also be noted that there was an early misconception that only aircraft of less than eight tonnes could be registered. This was erroneous, you can register a Boeing 747 so long as it is not used for commercial air transport or aerial work.

Finally there is one practical reason, that has nothing to do with fiscal or legal considerations, for registering an aircraft on the Isle of Man. That is that the office of the Director of Aviation, who deals with aircraft registration is small and efficient and offers a rapid and efficient service. In this context the Isle of Man authorities have a surveyor permanently based in the USA. Anyone who has been involved in aircraft registration will know that one of the more frustrating aspects of the procedure can often be the delay and procrastination of the registration authorities. A number of planes have been registered on

the Isle of Man Register just because the surveyor arrived and the paperwork was processed quickly.

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