

## 7 Reasons Entrepreneurs Should Consider Offshore Trust & Corporate Services

In this article we look at 7 of the leading reasons why utilising a properly licensed and regulated Isle of Man TCSP can save entrepreneurs and dynamic businesses precious resources...

By **Paul Harvey**, 15th August 2023

Today's businesses are subject to the constantly shifting sands of tax, regulation and an ever evolving, increasingly globalised economy. Engaging a Trust & Corporate Services Provider to manage and administer your company can offer many benefits, particularly for entrepreneurs, family offices or organisations that operate in multiple jurisdictions.

Trust & Corporate Services Providers, often referred to TCSPs, are specialist firms that offer a range of professional services to businesses, helping them with administrative, legal, financial, and regulatory aspects of running a company, partnerships and more.

In this article we look at 7 of the leading reasons why utilising a properly licensed and regulated Isle of Man TCSP can save entrepreneurs and dynamic businesses precious resources:

1. [Administrative Ease and Convenience](#)
2. [Expertise and Specialist Knowledge](#)
3. [Cost Efficiency](#)
4. [Risk Management, Governance and Compliance](#)
5. [Business Continuity and Expansion](#)
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### 1. Administrative Ease and Convenience

For many entrepreneurs and growing businesses there simply isn't the resource to devote to day-to-day company administration that does not add to the bottom line – but in today's world, good governance is more important than ever. Further, there may not be the personnel and/or skills or expertise in-house to fill important appointments such as Directorships or Company Secretary etc.

Even for those more established businesses that operate internationally, or have a presence in multiple countries, having a single base of operation can deliver stability and certainty where taxation and the legal regime are concerned.

Utilising an Isle of Man TCSP can provide the business with such stability and reduce the administrative burden on you and your team, freeing you up to focus on core business activities and strategic planning in a neat "all-in-one" package.

In addition, the opening and ongoing maintenance of banking relations is integral to the running of any business. An established TCSP will have strong banking relations and be in a position to guide your business through onerous bank account on-boarding processes. Indeed, many high street clearing banks rely on introductions made by licensed and regulated TCSPs to entrepreneurs and small businesses. In most instances, said banks will insist on a local, resident Board of Directors that are provided by a TCSP.

TCSPs, such as Dixcart, are staffed with professionals who possess the experience, expertise and operational capabilities to handle your day-to-day company admin like bookkeeping, banking, secretarial tasks, and regulatory filings effectively and efficiently. Furthermore, best practices will inform all of the company's underlying activity – giving you peace of mind that all regulatory, tax and legal requirements are being fulfilled.

## **2. Expertise and Specialist Knowledge?**

A good quality TCSP will ordinarily employ qualified professionals from a number of disciplines. This typically includes persons from the accounting, legal, tax and fiduciary sectors such as trust and estate practitioners and chartered secretaries.

Having experts and their skillsets readily available can provide entrepreneurs and fledgling businesses with invaluable support for navigating their industry, avoiding potential liabilities or pitfalls. This is also of particular importance in the bearish post-

pandemic skills market where recruiting has become so very difficult in almost every industry – in affect, your business would have a group of retained professionals on-hand.

At Dixcart, our professionals possess a deep understanding of corporate governance, laws, regulations, and maintain a good tax awareness along with any jurisdictional or global requirements.

TCSPs also often have extensive networks of legal, tax, financial, and business professionals that can provide additional support and services as needed. Over Dixcart's 50+ years of trading, we have amassed a network of trusted experts, so that even where we do not know the answer, we know who will. This knowledge can be invaluable in the company's decision-making and ensures compliance whilst avoiding potential liabilities.

### **3. Cost Efficiency**

As the saying goes, 'time is money'. This adage is of paramount importance to entrepreneurs and growing businesses, who are typically light on staff headcount and need to remain agile to have the best chance of succeeding in their given business activities.

The proper administration of a company can be time-consuming and require specialist knowledge. Activities such as completing annual filings, handling legal matters (such as contracts) or seeking counsel, dealing with tax advisers, maintaining proper accounts, holding board meetings and minuting decisions, banking etc. take precious working hours away from achieving the business's objectives. The question is, would it be more efficient to hire employees rather than outsource?

Let's take the UK as our working strawman, as they are our closest neighbour.

Employing an administrator, who would carry out basic admin e.g. collating documentation, basic filing work, answering the phone etc. and (not items like accounting, dealing with third-party professional advisers, making tax and VAT filings etc.), generally commands an income of between £25,000 to £35,000, on average, within the UK. This does not include employers NI, lost hours due to statutory minimum holiday allowance, pension contributions, sick days, equipment, office space, bonuses, benefits etc. which, based on the lower of £25,000, represents a cost to the employer of circa

£45,000+ per annum. This cost also represents a resource that is fairly limited in remit and capabilities, and potentially disproportionately expensive.

On the other hand, a company that undertakes a mid-high level of ongoing activity may incur TCSP fees of circa £25,000+ per annum in total. For this, the business is getting access to qualified accountants, corporate secretaries, professional trustees etc., a network of trusted and professional contacts around the globe, normally hundred(s) of years' combined experience and, in a good TCSP, a direct line to the senior management team and a transparent fee structure that delivers cost certainty.

Dixcart delivers a full suite of services to its clients, many of whom are entrepreneurs and small to medium sized enterprises wishing to conduct ambitious projects or have growth targets to meet within a certain period of time. Not only does the Isle of Man company benefit from an efficient and effective team of qualified professionals, but the fees are always transparent and tailored to the business in question.

#### **4. Risk Management, Governance and Compliance**

GRC management has become essential for the ongoing profitability and sustainability of any modern business, ensuring that the business operates in a lawful, ethical, and profitable manner. GRC is closely related to the core principles of the Environmental, Social, and Governance (ESG) phenomenon that has developed over the decades and accelerated in recent years – now being actively policed by financial regulators with regards to misconduct and adherence to public statements etc.

This is all very well to say, and sounds good, but what does GRC management really mean in practice?

Good corporate governance involves balancing the interests of a company's many stakeholders, such as shareholders, angel investors, management, employees, customers, suppliers, financial/banking institutions, government agencies and local communities etc. Good governance helps to build trust and confidence among stakeholders, thus promoting sustainability and safeguarding growth.

Risk management is central to the identification, assessment and control of vulnerabilities and threats to the company and its stakeholders. These threats could

come in many forms, including financial practices, legal liabilities, strategic decision making, management errors or cybersecurity issues. Good risk management aids a company in proactively eliminating, mitigating or identifying environmental factors that could lead to financial loss, reputational damage, criminal liability and more – therefore it enhances the company's resilience and aims to futureproof the business.

For example, diversifying business operations across multiple jurisdictions enables an entrepreneur to spread their risk and reduce their exposure to changes in a single country's economic, legal or tax environment.

Finally, compliance relates to the company's adherence to applicable laws, regulations, standards, and ethical practices within the jurisdictions of trade. Failure to comply with these requirements can lead to financial penalties, legal liability and reputational damage. Businesses that carry out certain activities, such as investment management, medical services etc. must follow strict regulatory rules.

TCSPs stay updated on legal and regulatory changes, ensuring that the business remains compliant with all relevant laws and avoids potential penalties or legal issues. This is especially important for the business as it develops, whether the goal is a future sale or floating the company on an exchange, GRC is here to stay.

By engaging professionals such as Dixcart to handle critical business functions, such as GRC management, businesses can:

- Enhance decision making via delivering regulatory, legal and tax awareness in a reliable and timely manner, thus improving the quality of strategic and operational decisions.
- Improve efficiency by streamlining processes and procedures, saving time and resources.
- Increase stakeholder trust, which can lead to increased investment, better working partnerships, and improved reputation.
- Ensure sustainability by identifying, assessing and managing potential financial risks, legal liabilities and malicious threats.

- Diversify the business's operations across multiple jurisdictions, by spreading risk and reducing exposure to changes in a single jurisdiction's economic, legal or tax environment.

## **5. Business Continuity and Expansion**

As a business grows its needs evolve. A TCSP's services can adapt to meet those changing needs by providing revised and scalable solutions that align with the business's development and expansion plans. Privately owned TCSPs, such as Dixcart, can adjust their offerings quickly and evaluate your evolving requirements based on growth or fluctuations in demand, without disruption.

Workforce continuity is of paramount importance for the success of fledgling and growing businesses. In fact, one of the key issues experienced by businesses today is the reliable acquisition and retention of good quality staff. This is not an issue where a good quality TCSP is engaged.

Dixcart provides businesses with access to the skills and knowledge of consummate professionals for as long as needed. When choosing a TCSP you should ensure that there is a low churn rate of staff and/or a large proportion of long-serving senior team members, who you will have direct access to. In such instances, the same contacts can act as your dedicated touchpoints throughout the entire relationship, allowing them to gain significant insight into the business, your issues and objectives, and therefore deliver more effective and efficient services.

Moreover, for entrepreneurs and businesses with global aspirations, TCSPs can also assist with company formation and compliance in foreign jurisdictions – enabling a full global group structure to be created through one point of contact. This support can help navigate complex international regulations and cultural differences, making the expansion process smoother. Having a presence in multiple locations can also reduce risk by diversifying operations and protecting assets.

By collaborating with entrepreneurs, our various Dixcart Group TCSP offices around the world, or TCSPs of similar standing to Dixcart, we can create comprehensive business continuity plans to aid existing or expanding operations. These plans outline strategic procedures to follow during challenging times – emergencies, natural disasters, or other

disruptions – ensuring the business is resilient and can continue functioning effectively, no matter what. In addition, an extra layer of ongoing financial stability and flexibility may be introduced by the diversification of banking and professional relationships, taking advantage of Dixcart's already established list of reputable contacts.

## **6. Pre-planning For Future Sale**

When entrepreneurs and businesses embark on new commercial ventures, such as entering a new market or undertaking a special project, the activity is often undertaken with a view to hitting certain growth or value targets before selling the subsidiary or business as a whole. Where this is the case, especially in instances of cross-border trade or multi-jurisdictional planning or ownership, engaging a good TCSP within a reputable jurisdiction can augment the journey to sale.

By delivering tailored solutions, a TCSP can help maximise the value of the business and ensure a smooth and efficient sales process. Working with advisers and clients to provide the optimal corporate structure can enhance the business's attractiveness to potential buyers via maximising value and operational efficiency. This may involve creating a holding company or subsidiary structure that is more appealing to investors or simplifies the ownership and shareholding arrangements etc.

Very often we are approached by entrepreneurs and business owners, pre-incorporation, to establish and administer Isle of Man holding structures for the purpose of owning the equity in the various arms of the business. The Isle of Man holding company can also hold any other relevant assets, for example, Real Estate, Investments, or Intellectual Property. This can provide the Beneficial Owners with additional flexibility when it comes to onward sale of the business and the potential to optimise their sale proceeds and mitigate unnecessary tax liabilities.

A good TCSP can ensure the company's financial records and reporting requirements are always up-to-date, well-organised, and comply with the relevant requirements, making the preparation for sale a more straightforward and efficient task. Engaging a TCSP, such as Dixcart, to assist with due diligence requirements, valuation, confidentiality measures and negotiations can not only give owners and investors peace of mind, but also instil confidence in potential buyers. In addition, post-sale, an experienced TCSP can ensure smooth transition and transfer of assets to the new owners and help the outgoing owners wind down operations as part of a post-sale planning strategy.

Proper planning and collaboration with experts at Dixcart can significantly enhance the likelihood of a successful and profitable business sale.

## **7. Everything Else**

So, it is clear from the information above, that utilising an offshore TCSP can be advantageous in the running of an entrepreneur's business, but what else can be offered?

Offshore jurisdictions often offer tax neutrality and efficiency compared to the entrepreneur's home country. By structuring their businesses offshore, entrepreneurs may legally reduce their tax liabilities, retain more profits, and reinvest them in their businesses or personal portfolio.

Legitimate use of offshore trusts or entities can create a legal separation of ownership between personal and business assets, therefore helping to protect those assets from potential lawsuits, creditors, or other financial risks.

Where the legal separation of assets has occurred, a TCSP can facilitate estate and succession planning, ensuring that an entrepreneur's wealth and business interests are managed and distributed to future generations according to their wishes, in a tax efficient manner. Further, the TCSP can assist entrepreneurs in designing and implementing various employee benefit plans such as share purchase schemes or Employee Ownership Trusts etc., incentivising their performance and loyalty.

Some entrepreneurs value privacy and may prefer to keep their financial affairs confidential. Offshore jurisdictions often have strict laws that protect the privacy of business owners and shareholders, offering a higher level of confidentiality.

Speak with a member of the Dixcart team to find out more about the various structuring options and services that may be available to you.

There are many reasons to choose the Isle of Man, such as regulators who work in harmony with the private sector, political and economic stability, a comprehensive financial infrastructure, a strong banking sector, favourable taxation that encourages the creation and preservation of wealth and world class communications.

Ultimately, the Isle of Man is a competitively priced, reputable and well-regulated international financial centre, which can enhance the credibility of an entrepreneur's business in the eyes of clients, partners, and investors alike.

### **Things to consider...**

It is important to note that whilst TCSPs can be beneficial, often crucial, for businesses to thrive, they should be selected carefully. Research and due diligence are required to ensure the TCSP is reputable, compliant and can deliver the necessary support for the company's specific requirements.

Additionally, it is important to ensure that the chosen offshore jurisdiction aligns with the company's overall business strategy and goals.

Seeking professional advice from qualified accountants, tax, legal and financial advisors is essential to ensure that the chosen structures and arrangements are legal, ethical, and aligned with the entrepreneur's specific needs and objectives.

With offices worldwide, Dixcart are ideally placed to provide any entrepreneur with the support and expertise required to support a flourishing business.

### **Get in Touch**

If you would like to discuss corporate services or estate and succession planning, please feel free to get in touch with the team at Dixcart: [advice.iom@dixcart.com](mailto:advice.iom@dixcart.com).

