

# *Dixcart Management (IOM) Ltd*

## *Isle of Man Partnerships*

### *& LLCs*



The Isle of Man presents three options for those wishing to establish a simplified structure as an alternative to a Private Limited Company; which can be overly complex and/or onerous depending on the activity, scale and purpose of the undertaking.

**Below, we have examined two of the most commonly used structures to provide a brief introduction.**

### *Limited Partnership*

Limited Partnerships are a more formalised trading structure than General Partnerships, providing limited liability to Limited Partners who give up a degree of management and control. Features include:

- Governed by the Partnership Act 1909
- 2 - 20 Partners - There must be a minimum of one General Partner (can be a corporate entity) and one Limited Partner (exemptions apply on the total number of partners, depending on the nature of activity)
- At least one Partner must be an Isle of Man resident
- Must register with the Isle of Man Companies Registry
- Limited Partnerships can elect to have separate legal personality under the Limited Partnership Act 2011
- The Limited Partner's liability is fixed at outset and restricted to the capital or property contributed
- The Limited Partner cannot participate in the day-to-day management of the Limited Partnership - If in default, the Limited Partner will be considered a General Partner
- The General Partner has unlimited liability and is engaged in the day-to-day management
- Annual declaration required
- Gains are realised on the Partner's personal rates of taxation (e.g. income tax, Inheritance Tax etc.)

### *Limited Liability Company*

Limited Liability Companies (LLCs) are a more modern and formalised structure, and are comparable to a Limited Liability Partnership. This hybrid entity combines some of the features of a Limited Company with the flexibility of a Partnership. Features include:

- Governed by the Limited Liability Companies Act 1996
- There must be two or more members, and there is no limit to the number of members
- Members' liability is limited to the capital or property contributed
- The management powers vested in a member is proportionate to their contributions
- Members share profits in proportion to their contributions
- The LLC has Separate legal personality, therefore can enter into contracts, sue and be sued in its own right
- A LLC's Constitutional documents include the Articles of Organisation (publicly available) and Operating Agreement (private)
- No requirement for Directors, or separation between management and ownership.
- Certificate of Organisation issued on registration
- Isle of Man Registered Office and Registered Agent required
- Annual Return required
- Accounting records must be maintained
- No requirement for annual meetings
- Gains are realised on the Partner's personal rates of taxation (e.g. income tax, Inheritance Tax etc.)



## Common uses for a...

### Limited Partnership

Apart from flexibility, many of the benefits of Limited Partnerships relate to the structure's separation between management and ownership. This gives the entity the ability to raise capital without giving up control. Uses of this feature include:

- Investments, such as Hedge Funds, Exempt Funds or even direct trading into securities and other assets
- Commercial and residential property
- Luxury/depreciating assets
- Provides operational and tax transparency - paying personal rates of taxation rather than corporate rates

### Limited Liability Company

LLCs benefit from the same simplified requirements as Partnerships whilst also gaining the limited liability of a Limited Company without giving up control. Uses of these features include:

- Asset protection
- Start-ups and new ventures, ring-fencing certain activities or pursuits
- Where the investors want to participate in the management of the venture
- Provides operational and tax transparency - paying personal rates of taxation rather than corporate rates

## Working with Dixcart

At Dixcart, we have been providing Corporate Services and guidance for over 45 years; assisting clients with the effective structuring and efficient administration of Companies tailored to their individual objectives.

Our in-house experts and senior employees are professionally qualified, with a wealth of experience; this means we are well placed to support and take responsibility for different roles, including acting as General Partner, Limited Partner or Member and providing specialist consultancy services where appropriate. If required, our qualified professionals can also assist entities with any substance issues.

We have developed an extensive range of offerings, which includes the provision of Registered Office and Registered Agent services to Isle of Man companies. From pre-incorporation planning and advice to the day-to-day management of the Company and troubleshooting issues, we can support your goals at every stage.

### Get in touch

If you require further information regarding the establishment of an Isle of Man Limited Partnership or LLC, or the provision of Registered Office and/or Registered Agent services for an Isle of Man company, please feel free to get in touch with the team at Dixcart:

[advice.iom@dixcart.com](mailto:advice.iom@dixcart.com)



### Find us



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