

# Dixcart Management (IOM) Ltd

## Foundation Services



*This is a brief guide to the services provided by Dixcart Management (IOM) Ltd regarding the formation and administration of Foundations. This information is not exhaustive and each individual case will have its own considerations; as such, this document should not be considered advice, and we would recommend getting in touch via the details provided on the final page or discussing with your professional adviser in the first instance.*

### What is a Foundation?

The Isle of Man Foundation provides a blend of features possessed by corporate entities and fiduciary vehicles. The Foundation is a legal entity that is established for the benefit of Beneficiaries or classes of Beneficiaries and/or to achieve a specific purpose/Objects. Some of the most important features include:

- **Separate legal personality** - Crucially, the Foundation has the capacity to enter into contract, own property and take legal action in its own right.
- **Limited Liability** - Owing to legal personality, the Foundation is liable for its own actions, and liability is limited to the assets of the Foundation.
- **Separation** - The Founder's assets and the dedication(s) are wholly separate once the Foundation holds legal title.
- **Perpetual** - The Foundation's lifetime is only limited by its constitutional documents, free to carry out its Objects for as long as desired.
- **Flexibility** - The Foundation can, depending on its constitutional documents, adapt as the needs of the Objects demand.
- **Taxation** - As a legal entity, the Foundation is tax resident in the Isle of Man and can benefit from the attractive Manx tax regime.

### Key Parties to the Foundation

<b>Founder</b>	The person who initially instructed the establishment and agreed the Foundation's objects.
<b>Dedicators</b>	Anyone other than the Founder that dedicates assets to the Foundation.
<b>Council Members</b>	The Council Members administer the Foundation in line with the Foundation's Instrument and Rules. There must be a minimum of one Council Member, who must be aged at least 18 years, of sound mind and not disqualified. Council members can be natural persons or body corporates, such as Dixcart.
<b>Registered Agent</b>	All Foundations must have a Registered Agent appointed to ensure proper recording and upkeep of Foundation information to comply with regulatory obligations.
<b>Nominated Officer</b>	A Nominated Officer is required under the Beneficial Ownership Act 2017.
<b>Enforcer</b>	If an object of a foundation is to carry out a non-charitable purpose, the foundation must have an Enforcer. This person ensures that the Council Members operate in line with the Instrument and Rules, and in the best interests of the Foundation.
<b>Beneficiary</b>	A person or class of Beneficiaries can be stipulated in the Instrument and Rules, who can benefit from the proceeds of the Foundation.





## *Common uses of Foundations*

### *Professional Trustee*

A Foundation can be appointed as Trustee, in a similar capacity to a Private Trust Company potentially providing the benefits of a Professional Trustee.

### *Asset Protection*

Due to legal personality, the Foundation has legal title to any property dedicated to it. As the corporate veil is very hard to pierce, Foundations can be used to ringfence assets and liabilities.

### *Philanthropic Purposes*

Foundations can either be operating (actively engaged) or non-operating (passively engaged) charitable vehicles. Wholly charitable Foundation's Objects cannot be altered to non-charitable.

### *Succession Planning*

As an incorporated vehicle that is not linked to shares, the Foundation can provide a structure for the continuation of the Founder's life's work, be it a business or charitable works.

### *Estate Planning & Wealth Management*

Foundations can be a tax efficient structure for holding/managing property (e.g. investments or real estate) to benefit the Founder or Beneficiaries. Forced heirship laws do not apply.

### *Charitable & Non-Charitable Objects*

Foundations can be incorporated with mixed Objects, being both Charitable and Non-Charitable, free to pursue both philanthropic and commercial interests.

## *Incorporating Documents*

Isle of Man Foundations require constitutional documentation from outset; this includes both a Foundation Instrument and a Foundation Rules. Upon being incorporated, the Registrar provide a Certificate of Incorporation.

### *Foundation Instrument*

The Foundation Instrument provides the headline details of the Foundation, including the name of the Foundation, specifying the Objects (charitable/non-charitable or both) and parties relevant to the Foundation where known. By law, all Foundations must have an Instrument written in English that complies with the Foundations Act 2011 (the Act). A copy of this document is incorporated into the application proforma submitted to the Registrar.

### *Foundation Rules*

This document is tailored to the individual Objects and procedural requirements of the Foundation. The Foundation Rules are a legal requirement under the Act and provide a function very similar to a Limited Company's Articles of Association.

The Foundation Rules will dictate the manner and form of amends to key elements of the Foundation and important appointments, such as Council Members, the Registered Agent and Enforcer. Whilst the Foundation does not require any dedication at outset, the Rules must detail all dedications and stipulate how its assets are to be distributed, including the Beneficiaries/Classes of Beneficiary as appropriate among other things. The Rules can be written in any language, but an English copy must be supplied to and retained by the Registered Agent.



## Taxation

The Isle of Man is rated Aa3 stable and is an independent Crown Dependency. Among other things, Manx registered companies benefit from the business-friendly Government and locally set tax regime.



In addition to offering efficiency for the management of wealth, the Island also provides a great deal of privacy to inbound investors, whilst still meeting global compliance standards; earning it a place on the OECD whitelist, which means that it is not considered a tax haven.



Headline rates of taxation include:

- **0% Corporate Tax**
- **0% Capital Gains Tax**
- **0% Inheritance Tax**
- **0% Withholding Tax on Dividends**

Isle of Man entities are also able to register for VAT, and businesses in the Isle of Man fall under the UK's VAT regime.

## Professional Council Members

There are many benefits of appointing a Professional Council Member, such as Dixcart Management (IOM) Ltd, to manage and administer your Foundation. We have highlighted some of the most prominent reasons below:

### Neutrality

As Professional Council Member we will always act with complete objectivity.

### Technical Knowledge

Our team of qualified and experienced professionals are well versed in Foundations and many other fields.

### Continuity

We can act for as long as desired and do not suffer issues such as loss of capacity etc.

### Eliminating Burden

Easing the reporting, administration and management burdens for loved ones.

### Regulated

As a Professional Trustee, Dixcart Management (IOM) Ltd are licensed and regulated by the Isle of Man Financial Services Authority.

### Best Practices

Duties will always be carried out diligently and in line with the most up to date best practices.

## *What to do next...*

If you haven't already done so, we would recommend taking tax advice from a qualified advisor; this may be your accountant, legal or financial adviser. If you do not currently have a relationship with such an adviser, not to worry, we have regular dealings with professionals from around the world and will be able to point you in the right direction.

Once you have taken the appropriate advice and ascertained that you would like to form an Isle of Man Foundation or appoint Dixcart as Council Member, there will be a few things that we'll need.

In order to complete our due diligence, and to onboard you as quickly and conveniently as possible, we'll need documentation such as:

- **Proof of identity**
- **Proof of address**
- **Source of wealth/funds**
- **Tax reference information**

We may request further information during your application process.

## *Working with Dixcart*

At Dixcart, we have been providing Corporate & Trust Services and guidance for over 45 years; assisting clients with the effective structuring and efficient administration of Trusts, Foundations and 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 Council Member, Registered Agent and providing specialist consultancy services where appropriate.

We have developed an extensive range of offerings, which includes providing full Foundation administration and Council Member services to Isle of Man Foundations. From planning and advice to the day-to-day administration of the Foundation and troubleshooting issues, we can support your goals at every stage.

## *Get in touch*

If you require further information regarding the incorporation, administration or provision of professional Council Member services for an Isle of Man Foundation, 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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