



**Isle of Man**  
Government

# Why choose the Isle of Man as the base for your interactive entertainment business?

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ISLE OF MAN GOVERNMENT

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# Presentation Contents

- Isle of Man Background Facts
- Key Interactive Entertainment Industry Location Considerations
- Telecoms
- Government: Financial Incentives and Taxation
- Your Interactive Entertainment Business in the Isle of Man
- Support Infrastructure, Legal Infrastructure, Educational Infrastructure
- Summary



# Isle of Man Background Facts

- Highly attractive business and personal tax rates
- Located at the heart of the British Isles
- NOT part of the UK, special relationship with the EU
- Part of EU-VAT area
- World's oldest continuous parliament
- Population of 76,315, 52% of population not born on the IOM
- 0.07% unemployment
- GDP forecast to grow by 6% per year over next 3 years
- 43% growth in ICT sector
- Financial services account for 42% of GDP
- Government spending currently £418 million - NO national debt
- Standard & Poor's and Moody's "AAA" credit rating
- 93% satisfied with IOM as a place to live, 70% satisfied with the way Government runs the IOM



# Key Interactive Entertainment Industry Location Considerations

- Industry-fitting tax, legal and corporate framework
- Telecoms infrastructure
- Availability of financial assistance
- Political stability and reputation
- Committed and accessible Government
- Appropriate e-friendly legislation and support services
- Availability of labour with appropriate skills
- Competitive set-up and operating costs



## Telecoms: Infrastructure

- High speed ADSL and Microwave Internet link offered through choice of provider partners
- 100% broadband coverage
- GSM, GPRS and 3G mobile phone services
- Choice of independent ISP's, web-hosting services, business continuity and IT co-location providers
- Multiple fibre optic cables & diverse electricity supply providing both capacity and resilience



# Government: Providing Attractive Financial Incentives

- 40% plant and machinery grants, to include all hardware, software and maintenance contracts
- 40% building grants either for new build or for rents payable
- 40% revenue grants encompassing expenditure from research and development, relocation, consultancy, marketing, quality and environmental standards
- 50% training grants
- Available to new and existing businesses, applications can be made annually
- Scheme can accommodate capital assets obtained on lease/hire purchase finance
- Free ADSL connections for businesses and individuals



# Government: Commitment to Reduce Corporate/Private Tax Rates

## Current Taxation Rates:

<i>Corporate</i>	-	Higher	18%
		Standard	10%
<i>Personal</i>	-	Higher	18%
		Standard	10%

## Proposed Taxation Rates:

<i>Corporate</i>	-	Standard	0%
<i>Personal</i>	-	Higher	15%
		Standard	10%



# Government: Commitment to Reduce Corporate/Private Tax Rates

Also:

No Capital Gains Tax  
No Property Tax  
No Council Tax  
Etc.



# Your Interactive Entertainment Business in the Isle of Man?

Setting up in the Isle of Man as a interactive entertainment company can take many forms and bring many advantages to your

- Business, group of companies and subsidiaries
- Shareholders, management and directors
- Employees
- Partnerships
- Growth plans or (future) re-launch plans
- International licensing and sub-licensing
- Intellectual property exploitation
- Products and product financing



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (1) Intellectual Property Company, International Licensing Company

Hold ownership of IP rights in a low-tax jurisdiction to benefit from international sublicensing revenues, to isolate IP from growing or restructuring or re-launching business.

Retain IP rights separately to development and sales activity.

IP licensing rights for non-games markets held separately.

Retain international sales and distribution rights.



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (2) Development Company

Benefit from location for development operation, supported by Government.

Benefit from local GSM, GPRS and 3G networks for testing.

Benefit from well-equipped film studio and animation support services.

Co-operate with local hosting firms for massively-multiplayer online games hosting, testing and development.

Join expanding development base on the Island.



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (3) International Licensing Company

Retain international sales and distribution rights outside your home market and business.

Cut tax liabilities on licensing deals.

License under Manx law: English-speaking jurisdiction, based fully on English common law.

Strong IP rights legislation.



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (4) Holding Company

Own subsidiaries, IP companies and operating companies worldwide through a Isle of Man holding company to benefit from zero capital gains tax legislation.

Split operational activity from ownership.

Safeguard corporate future.



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (5) European Head-Office

Operate your European licensing, development or publishing operations from a Isle of Man European head-office.

English-speaking country, low tax and low red-tape.

Part of European Union VAT area.



# Your Interactive Entertainment Business in the Isle of Man? (Examples)

## (6) World-wide Head Office

Base your business in Isle of Man to benefit from all advantages, including personal taxation, high quality of life, strong business community and dedicated Government.



# Political Stability and Reputation

- World's oldest continuous parliament
- Crown Dependency of the UK
- Standard & Poors and Moodys "AAA" Credit rating
- Not part of the EU
- Absence of party politics
- Not on OECD blacklist
- Endorsements by Edwards Report, the Financial Action Task Force (FATF) and the Financial Stability Forum (FSF)
- Endorsements by United Nations
- The Isle of Man has been the winner of 9 Industry Excellence Awards since 1999



# Excellent Professional Support Service

- Choice of 5 ISP's
- Website design facilities
- Software and hardware suppliers
- e-commerce solutions providers
- Business continuity services
- International tax experts
- International legal advisors
- International bank facilities



# Government: The Right Legal Infrastructure

- Data Protection Act 1986
- Copyright Act 1991
- Computer Security Act 1992
- Supply of Goods and Services Act 1996
- Copyright (Amendment) Act 1999
- Electronic Transactions Act 2000
- Online Gambling Regulation Act 2001
- Disaster Recovery (Temporary Relocation) Regulations 2002



# Government: Providing Appropriate Education and Training

- Probably the first education authority in the British Isles to have all classrooms wired up for internet access
- Modern computer to student ratio:
  - 1:7 in Primary \* (UK 1.13)
  - 1:5 in Secondary (UK 1.8)
  - \* Isle of Man all less than 3 years old
- Every full time teacher has been given a laptop for professional use



# Summary of Main Advantages

- Clear and unequivocal Government support for e-commerce
- Political stability and enviable international reputation
- State of the art telecommunications infrastructure
- High bandwidth self-healing fibre ring connectivity
- Europe's first 3G (UMTS) mobile phone service
- Legislation in the form of the Electronic Transaction Act 2000 to provide the necessary legal framework for e-commerce to grow



# Summary of Main Advantages

- New tax strategy designed to reduce corporate tax down to 0% by 2006
- Generous financial packages of support available to qualifying businesses
- A clear commitment to deliver seamless Government to the citizen and business electronically
- Internationally accredited financial regulation providing customer and investor confidence
- Proportionate and effective consumer and data protection, again, providing confidence to the customer and businessman



# *Questions?*

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E-COMMERCE

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