
PRACTICE NOTE

PN10/2021

Date: 17 August 2021

The Limited Liability Companies Act 1996

Registering an LLC in the Companies Registry

Introduction

This practice note sets out the requirements for registering an LLC in the Companies Registry under the provisions of Part II of The Limited Liability Companies Act 1996 (as amended) (“the Act”). It is intended as a general guide only and must be read in conjunction with the relevant legislation. It should not be relied upon as a substitute for legal advice.

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1. Features of an LLC

1.1 A limited liability company (LLC) is a company formed under the Limited Liability Companies Act 1996, the principal features of which are as follows:

1. It is a legal entity in its own right, distinct from its members, manager and registered agent.
2. The liability of members is limited to the extent of their contribution to the capital.
3. There are restrictions on the transfer of members' interests in the company.
4. The management of the company is vested in the members in proportion to their contribution of the capital (or as otherwise permitted by the Act).
5. The company must be wound up and dissolved in the event of any of the following circumstances occurring:
 - a) The period fixed - if any - for the duration of the LLC expires;
 - b) The unanimous written agreement to that effect of all the members;
 - c) The death, retirement, resignation, expulsion, dissolution of a member or occurrence of any other event which terminates the continued membership in the LLC unless the appropriate notice has been delivered to the Companies Registry (Form L28/2);
 - d) The High Court makes an order under section 32 of the Act;
 - e) Any other case for which the Act provides.
6. The profits of the company are treated as the income of the members for the purposes of Income Tax.
7. LLCs may carry on any lawful business except such business as may be prescribed.
8. The restrictions on the business an LLC may undertake are not intended to prevent them from holding shares or debentures in any other company that carries on such a business.
9. Names of LLCs are subject to similar guidelines as those for companies incorporated under the Isle of Man Companies Acts 1931 - 2004, but the name must end with the words "Limited Liability Company", "LLC" or "L.L.C." It is advisable, but not necessary, to seek prior approval of the name you want to use from the Department. This will save you from preparing documents using a name that may be refused upon submission. The Department has the power under the Act to (1) refuse to register a name; (2) attach conditions to the use of a name; (3) direct an LLC to change its name; and (4) change the name of an LLC if a direction is not complied with.

2. Registration Documents for an LLC

2.1 To form a limited liability company, the following must be delivered to the Companies Registry:

1. A set of Articles of Organisation that comply with the Act;
2. A completed form L6;
3. The registration fee.

2.2 Articles of Organisation

2.2.1 Although there is no prescribed format for the Articles of Organisation, the Act requires that the following information be specified:

1. The name of the company;
2. The names and addresses of its members;
3. The name and address of its registered agent in the Isle of Man;
4. The matters specified in Schedule 2 of the Act as detailed below:
 1. The total amount of cash and a description and agreed value of property other than cash contributed by the members.
 2. The total additional contributions, if any, agreed to be made by all members and the times at which or events upon the happening of which they shall be made.
 3. The right, if given, of the members to admit additional members, and the terms and conditions of the admission.
 4. The right, if given, of the remaining members of the limited liability company to continue the business on the death, retirement, resignation, expulsion, bankruptcy or dissolution of a member or occurrence of any other event which terminates the continued membership of a member in the limited liability company.
 5. If the members of a limited liability company are to be permitted to elect a manager to manage the limited liability company, the articles of organisation shall so state.
 6. Any other provision which the members elect to set out in the articles of organisation for the regulation of the internal affairs of the limited liability company, including any provisions which under this Act are required or permitted to be set out in the operating agreement of the limited liability company.

2.2.2 It is not necessary to set out in the Articles of Organisation any of the powers bestowed on an LLC by the Act.

2.2.3 The person forming the company and the first members named in the Articles of Organisation are required to sign the Articles of Organisation.

2.3 Form L6

2.3.1 The form L6 shows the intended registered office of the company which must be in the Isle of Man. Post office boxes are not acceptable as registered office addresses unless they are within an identifiable building.

- 2.3.2 The form also gives details of the registered agent of the LLC, who must consent in writing to his appointment. The registered agent must be qualified in accordance with the current regulations (Statutory Document 556/96). Copies of this document can be obtained from the Central Reference Library, Government Offices, Bucks Road, Douglas (Telephone 01624 685520).
- 2.3.3 The qualifications required to be held by a registered agent for the purposes of section 5(1) of the Act are:
- 1). An Advocate; or
 - 2). A Legal Practitioner registered under the Legal Practitioners Registration Act 1986; or
 - 3). Qualification for appointment as an Auditor of a company under section 14(1)(a) of the Companies Act 1982; or
 - 4). Membership of the Chartered Institute of Management Accountants; or
 - 5). Membership of the Institute of Chartered Secretaries and Administrators; or
 - 6). Fellowship or associate membership of the Institute of Bankers.
 - 7). A holder of a CSP license or its nominee company as such terms are defined in section 2(1) and paragraph 10A(2) of Schedule 2 respectively of the Corporate Service Providers Act 2000 and those persons described in section 3(3)(b), (c), and (d) of the Act.
- 2.3.4 Once the papers have been accepted for registration, the Department will issue a certificate of organisation. This certificate is conclusive evidence that all the requirements of the Act in respect of the registration have been complied with

3. Fees payable

- 3.1 There is a registration fee on submission of the Articles of Organisation and Form L6.

‘Standard incorporation’ of a company under section 3 of the Act within 48 hours
£100.00

‘2 hour incorporation’ of a company under section 3 of the Act
£250.00

‘While you wait incorporation’ of a company under section 3 of the Act
£500.00

- 3.2 Details about all fees payable in the Companies Registry are obtainable from the website www.gov.im/categories/business-and-industries/companies-registry. Payment of fees can be made in cash or by cheque made payable to “Isle of Man Government”. We regret that we cannot accept cheques drawn on an account outside the U.K.

4. FURTHER INFORMATION

Our staff will willingly answer general queries by telephone or e-mail but cannot give legal advice. If you require such advice you should consult an Advocate. The

telephone number for the Companies Registry is: 01624 689389 and the e-mail address is: companies@gov.im

Statutory forms and practice notes are available free of charge from the website: www.gov.im/categories/business-and-industries/companies-registry .

A list of Licence holders is available on the web site of the Financial Supervision Authority at www.iomfsa.im/register-search .

Details of Isle of Man Advocates are available from the Isle of Man Law Society at:

Tel: +44 (0)1624 662910

E-mail: enquiries@iomlawsociety.co.im

Website: www.iomlawsociety.co.im _

It is the responsibility of presenters to ensure that documents arrive in the Companies Registry within the filing periods prescribed.

We are aware that post can on occasion be delayed. However presenters should be aware of that and post documents in plenty of time. The Companies Registry cannot operate a system which allows for such delays as to do so would simply amount to an extension to the filing periods set down by law.

COMPANIES REGISTRY

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Enquiries Email: companies@gov.im

Filings Email: companyfilings@gov.im

Website: www.gov.im/categories/business-and-industries/companies-registry