



— THE —  
FORTRESS  
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# The Isle of Man



- An island between Liverpool and Northern Ireland, 30 miles long and 13 miles wide.
- Population of 80,000 (80,000 drunks hanging on a rock) 10% of whom originate from South Africa.
- Locally well known for annual motor bike races around a 37-mile course of small and narrow streets at speeds approaching 180mph!
- One of the oldest continuing democracies in the world; elections every 5 years' laws based on English common law principles passed in Tynwald and enforced through a local police force, advocates and judiciary.
- Totally independent from the UK, raises its own taxes/ spends its own money.
- No Capital gains tax, Corporation tax or Inheritance/wealth taxes.



# Origin of Trusts

1100 - 1270 AD

Three crusades led by Kings of England and France and various nobles and landowners to fight the Muslim Leader Saladin for control of religious cities such as Jerusalem in the Middle East.

Needed "Estate Planning" in the event that the nobles and Earls did not return from the Crusades. "gifted" properties, land and castles to the Roman Catholic Church which promised to return said lands to the nobles when they returned or to their oldest son if they did not return.

The First "Settlers" were the Nobles and Earls; the first Trustee was the Roman Catholic Church, and the first "Beneficiaries" were either the Nobles and Earls themselves or their sons.

Just as importantly, the Nobles paid the Roman Catholic Church to say masses for their souls to go to heaven.

Further development over hundreds of years still entails "Estate Planning" as well as other considerations such as tax.

My emphasis is on the word "Trust" as all parties trusting each other paramount to success.

# Trusts

Types: Discretionary or Life Interest; advantages and disadvantages of each.

Timing: Trusts “inter vivos” or testamentary trusts; which?

Mixture – existing client John Smith Trust with £10 assets pass via his Will.

Typically, a common structure would consist of an Isle of Man Trust (for estate planning purposes) owing the shares of an Isle of Man Company for investment holding, trading or consultancy activities.

Trustee communication with all parties:

- With Settlor
- With Beneficiaries
- With professionals
- and between themselves

difficulties in communicating can be problematic e.g.

South African administrator buying property in Scotland literally could not understand Scottish lawyer’s accent – and vice versa! Remedied by email communication.

# Benefits of Establishing a Trust



Confidentiality – The Caravan  
Construction Case



Tax mitigation in restricted  
circumstances



Estate Planning and flexibility in  
terms of assets and beneficiaries  
during the Settlor's lifetime

# Regulation in the Isle of Man

A Trust/ Corporate licence is required and is subject to the ongoing compliance with the rules and regulations of the Isle of Man Regulator.



Professionally qualified  
people on staff



Proper business plan



£25,000 paid up  
capital



Professional  
indemnity insurance

This has shaken the industry to its core;

2000 - 400+ firms

2025 - 150 firms

Further consolidation is expected as owner managers retire or sell out.

# Compliance in the Isle of Man

Clearly there is an urgent need for combating money laundering, terrorist financing and the proceeds of criminal activities in the age of the internet.

However, an entire industry has developed worldwide in the last 20 years which, in my view, has gone too far. This has resulted in increased employment costs, a lack of qualified staff resulting in consuming large amounts of management time and damage to the Trust industry as a whole.

Significant compliance activities required in the Isle of Man include:-

- Identifying potential structures, clients and their associates as being “high risk” or “Politically Exposed Persons”
- Passport and utility bills
- Annual client structure reviews
- Quarterly investment reviews
- Dual signatories on all payments

And so on..

# Trust administration in the Isle of Man

## Legal & Regulatory Duties

- Isle of Man law compliance – adhere to the Trustee Act 1961, Trusts Act 1995, Perpetuities and Accumulations Act 1968, and other relevant laws.
- Anti-money laundering (AML) and counter-terrorist financing (CTF) – conduct due diligence (CDD/KYC) on settlors, beneficiaries, and connected parties.
- Tax reporting – ensure compliance with Isle of Man tax rules, CRS (Common Reporting Standard), FATCA (where applicable), and other international obligations.
- Registration (if applicable) – depending on the nature of the trust, trustees may need to register with the Isle of Man's Beneficial Ownership Register or similar.

## Fiduciary Duties

- Act in good faith – always prioritize beneficiaries' interests over their own.
- Impartiality – treat all beneficiaries fairly and in accordance with the trust deed.
- Avoid conflicts of interest – do not use the trust for personal gain.

## Accounting & Reporting Duties

- Preparation of trust accounts – ensure transparent financial reporting.
- Information disclosure – provide beneficiaries with trust information when legally required.
- Regulatory filings – submit any required filings to Isle of Man authorities.

## Beneficiary & Settlor Relations

- Communication – provide beneficiaries with appropriate updates (subject to trust deed provisions).
- Confidentiality – protect the privacy of settlors, beneficiaries, and trust activities.
- Dispute management – resolve beneficiary disputes fairly and lawfully.

## Administrative & Management Duties

- Trust deed compliance – ensure all decisions and actions are consistent with the terms of the trust.
- Asset management – safeguard and manage trust assets (cash, investments, property, companies, etc.).
- Investment oversight – follow prudent investment principles and obtain advice where needed.
- Record-keeping – maintain accurate accounts, minutes of trustee meetings, and beneficiary records.
- Distributions – manage and record payments to beneficiaries in line with the trust terms.

## Practical Ongoing Duties

- Hold trustee meetings – especially for significant decisions (investment, distributions, amendments).
- Professional advice – seek legal, tax, or investment advice when necessary.
- Review trust structure – regularly assess whether the trust still meets the settlor's and beneficiaries' objectives.

## Mauritius / IOM Comparison

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Both jurisdictions have strong regulatory frameworks and robust AML/CFT standards.

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Mauritius is more of a gateway for investment into Africa and Asia, with GBC structures and a treaty network.

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IOM is a well-established offshore center, often used for trusts, insurance, and asset management, with low tax exposure and established international credibility.

# Mauritius / IOM Comparison

<b>Feature</b>	<b>Mauritius</b>	<b>Isle of Man (IOM)</b>
<b>Primary Regulatory Authority</b>	Financial Services Commission (FSC) regulates non-bank financial services, including investment funds, insurance, and securities.	Financial Services Authority (FSA) regulates banking, insurance, investment, and fiduciary services.
<b>Corporate Regulation</b>	Companies are regulated under the Companies Act 2001; foreign and local companies must comply with FSC licensing if engaged in regulated activities.	Companies are regulated under the Companies Act 2006; FSA oversees corporate service providers and regulated activities.
<b>Financial Services Licensing</b>	FSC issues licenses for: banks, insurance, investment dealers, global business companies, and funds.	FSA issues licenses for banks, insurance, investment businesses, fund managers, and fiduciary services.
<b>Anti-Money Laundering (AML)</b>	Mauritius has a robust AML/CFT framework enforced by the Financial Intelligence Unit (FIU) and FSC.	IOM has strong AML/CFT requirements enforced by the FSA under the Proceeds of Crime Act and Money Laundering regulations.
<b>Tax &amp; Reporting</b>	Mauritius has favourable corporate tax regimes for Global Business Companies (GBCs), with reporting to FSC and Mauritius Revenue Authority.	IOM has low/no corporate tax regimes; regulatory reporting is required to FSA.
<b>International Recognition</b>	Mauritius is considered an emerging international financial center, compliant with OECD and FATF standards.	IOM is an established offshore financial center, widely recognized and compliant with international standards.
<b>Ease of Doing Business</b>	Relatively straightforward licensing, flexible corporate structures, good double tax treaty network.	Straightforward incorporation and licensing, strong legal system, flexible corporate vehicles (e.g., protected cell companies).

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Any questions?