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Evolving Tax Havens: A Competitive Success Index for Small Jurisdictions in Business Aviation Finance

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Small jurisdictions — microstates and autonomous territories — play a disproportionate role in the global business aviation finance market, managing billions of dollars in high-value, mobile assets through specialized registries. However, little empirical research has systematically examined why some jurisdictions consistently outperform others. This study introduces a Competitive Success Index (CSI) to measure and compare the structural competitiveness of seven leading aircraft registries in small jurisdictions. The CSI operationalizes thirteen success factors across three categories: legality and regulatory quality, tax regime and fiscal policy, service quality and operational efficiency. Category weights are calibrated using Ordinary Least Squares (OLS) regression on net aircraft registration growth from 2019 to 2024, controlling for exposure to international sanctions. Legality and regulatory quality emerged as the dominant predictors of competitiveness, far outweighing fiscal incentives or operational factors. This challenges the common assumption that tax policy is the primary driver of registration decisions. Instead, creditor protection, regulatory predictability, and governance credibility appear to play a more decisive role in contemporary transactions. While the CSI demonstrates limited correlation with short-term registration growth, the findings highlight an important distinction between institutional competitiveness and cyclical market behavior, particularly during periods of geopolitical disruption. Given the study's small sample (n=7), these findings should be treated as preliminary. The CSI offers a scalable, quantitative tool to assist policymakers, registry authorities, and industry stakeholders in navigating the allocation of billions of dollars in aviation assets.

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Introduction

The Small Jurisdiction Paradox

Microstates, crown dependencies, and overseas territories have long occupied an ambiguous position in the global economy — obscured by their small geographic footprint, limited public visibility, and reputations as discreet centers of wealth. Yet these jurisdictions have emerged as prominent figures in one of the most lucrative segments of international finance. The defining paradox of the multi-billion-dollar private and corporate aviation finance industry is that it is concentrated within a handful of small, specialized jurisdictions. Through deliberate policy design, regulatory agility, distinct tax regimes, and superior administrative services, these jurisdictions have positioned themselves as essential hubs for aircraft asset management and cross-border ownership structuring. For this study, the term "small jurisdictions" refers to both sovereign microstates and highly autonomous dependent territories.

Despite their success, these small jurisdictions raise a fundamental question: how do entities with limited governmental and infrastructural capacity compete with, and often outperform, much larger nations in this niche market? The existing literature offers rich qualitative analyses that identify multiple determinants of success but lacks a holistic, quantitative framework for systematically measuring and comparing jurisdictional competitiveness. Without such a model, it remains unclear how these jurisdictions sustain market leadership, or which competitive dimension the market values most.

Limitations of Existing Research

To address this analytical gap, this study introduces and preliminarily tests a novel Competitive Success Index (CSI). The variables identified from academic and industry literature are classified as "success factors" and organized into three principal categories: legality and regulatory quality, tax regime and fiscal policy, and service quality and operational efficiency. The CSI is designed to achieve two main objectives: (1) to quantify and rank the competitiveness of small jurisdictions, and (2) to empirically determine the relative importance the market assigns to each category. The model integrates multiple dimensions of competitiveness into a single composite index, expressed as:

$$CSI_j = \sum_{i=1}^{n} w_i x_{ij}$$

where CSI_j represents the predicted success score for jurisdiction j, x_{ij} denotes the jurisdiction's standardized value for factor i, and w_i represents the statistically derived weight capturing the revealed importance of each category.

Research Contribution

The implications of this model extend beyond academic analysis. By deriving empirical weights, the model tests the prevailing assumption that tax policy is the primary determinant of competitiveness and explores whether alternative dimensions play larger roles than initially perceived. The index's structure allows future adaptation by including or excluding categories as market conditions evolve. For investors, policymakers, and registry authorities, the CSI provides

a data-driven framework for evaluating jurisdictional performance based on measurable evidence rather than mere perception.

Research Questions

Primary Question

- Can a weighted, multi-factor Competitive Success Index (CSI) reliably predict the competitive standing of small jurisdictions in private and corporate aviation finance?

Secondary Questions

- What categories of competitiveness (x_{ij}) constitute the CSI, and what are their empirically derived weights (w_i)?
- How do these weights challenge the conventional primacy of tax policy in driving competitiveness?
- To what extent does the CSI rank correlate with observed real-world performance metrics?

Literature Review

Defining Small Jurisdictions

The academic classification of microstates lacks a single, universally accepted definition. As a result, scholars and policymakers rely on various competing definitions, including mini-states, dwarf states, and small states (Simpson, 2022). Population size varies widely, with estimates ranging from a few hundred thousand to several million. Nonetheless, a population threshold of one million is commonly cited as a convenient marker and remains the closest legitimate definition of what constitutes a microstate (Simpson, 2022). Several of the jurisdictions examined in this study, such as Malta and San Marino, meet traditional criteria of sovereign microstates. Others, including the Isle of Man and Guernsey (Crown Dependencies), the Cayman Islands and Bermuda (British Overseas Territories), and Aruba (a constituent country of the Kingdom of the Netherlands), are constitutionally defined as highly autonomous territories or international financial centers. Despite differing constitutional relationships, these jurisdictions share small, agile governance structures that can quickly implement targeted fiscal and legal policies to compete on the world stage.

Previous research has examined their economic structures through intratemporal approaches, including the Mundell-Fleming and Swan-Salter models, as well as intertemporal perspectives that connect fiscal policy to the current account balance (Endegnanew et al., 2012). More recent open-economy models have integrated aspects of both, better describing how small economies can sustain external balance through fiscal and monetary coordination. Historically, many small jurisdictions originated as royal principalities, refuges for nobility, or geographically isolated territories. Their physical environments, ranging from rugged mountain fortresses to remote oceanic islands, provided natural, strategic defenses that enabled political autonomy and fiscal independence over time. Today, their small population size continues to facilitate efficient

governance and social cohesion, allowing these historic anomalies to punch above their weight economically and politically.

The Emergence of a New Market

On their own, these inherent advantages of small size and strategic geography did not guarantee long-term economic security. Many small jurisdictions originally relied on seasonal or extractive economic activities, such as fishing, agriculture, or tourism, that left their economies vulnerable to external shocks. Over time, this prompted a deliberate transition toward modern, specialized financial services capable of sustaining stable, long-term revenue. The global business jet industry, estimated at $72.15 billion in 2024 and expected to grow to $113.48 billion by 2030 (Grand View Research, 2026), comprises assets whose value is disproportionate to the regulatory capacity of the jurisdictions that oversee them. The stakes for individual jurisdictions are proportionally significant: Malta's aviation sector alone currently contributes an estimated €700 million to national output, with government projections targeting €2.8-3.3 billion by 2035 — nearly 9% of GDP (Sentient International, n.d.-c). As this industry grew significantly in the late twentieth century, microstates and autonomous territories exploited their institutional flexibility to create incentives that larger nations could not easily replicate. Consequently, they secured a prominent role in a niche and profitable industry.

Aircraft owners are drawn to offshore registries for three interconnected reasons: legal protection of their ownership interests, minimization of tax exposure, and access to administrative services unavailable in their home country. This is made possible by a capability unique to aircraft owners, who, unlike most asset holders, are not bound to register where they live, operate, or do business. This freedom is established under international aviation law, specifically the 1944 Convention on International Civil Aviation (the Chicago Convention). According to Article 17, aircraft possess the nationality of the State in which they are registered, and Article 18 provides that an aircraft cannot be validly registered in more than one State, though its registration may be transferred from one State to another (United Nations, 1948). However, the Convention does not mandate that an aircraft be registered in the owner's, operator's, or primary country of operation. This allows for a competitive global market in which jurisdictions must proactively attract registrations as opposed to waiting for them to materialize passively.

Instead of owning an aircraft directly, ultimate beneficial owners (UBOs) often transfer the asset to a Special Purpose Vehicle (SPV) (a separate legal entity created solely to hold the asset), which isolates it from the owner's personal or corporate liabilities. The registration state then becomes the flag state, responsible for airworthiness oversight, safety regulation, and ICAO compliance under the Chicago Convention. The selected flag state establishes the body of law that regulates the aircraft throughout its operational life, making registration a decision with considerable legal and financial consequences.

To minimize tax exposure, SPVs are typically established in low- or zero-tax offshore jurisdictions, separate from the owner's residence, the aircraft's operational country, and its registration state. An aircraft might be owned by a citizen of one nation, held through an SPV incorporated in another, registered under a third country's flag, and operated mainly in a fourth,

with each layer serving specific legal or tax purposes. When a single UBO controls multiple offshore subsidiaries, capital can circulate among them, allowing losses, profits, and credits to be allocated where they are most advantageous. Offshore registries support this market in several ways. They provide confidentiality for the UBO and offer flexible structuring options. They also deliver administrative responsiveness that is typically unavailable under home-country regulations, which are mainly focused on commercial air transport.

The Competitiveness Triad

Legality and Regulatory Quality

In 2001, the Convention on International Interests in Mobile Equipment was adopted in Cape Town, South Africa. The Convention addressed the legal and financial difficulties of protecting ownership and security rights in high-value, mobile aviation assets that cross national borders (ICAO, n.d.-a). Because legal systems vary in their treatment of secured interests, leasing arrangements, and title retention agreements, lenders faced uncertainty about whether their rights would be recognized in other jurisdictions (ICAO, n.d.-a). This lack of uniformity weakened creditor confidence, led to increased financial restrictions, and increased borrowing costs. To resolve these inconsistencies and promote greater predictability, the Convention, along with the Protocol on Matters Specific to Aircraft Equipment, was jointly developed by ICAO and UNIDROIT. Under Article 6(1), the Convention and Aircraft Protocol function as a single, integrated legal instrument (ICAO, n.d.-a). Together, they are referred to as the Cape Town Convention (CTC).

However, membership in the Convention alone is insufficient for competitive advantage. A jurisdiction's localized implementation, rule of law, and regulatory predictability more accurately determine success. Aircraft owners using Special Purpose Vehicles prioritize: (1) high safety standards and compliance with ICAO requirements; (2) a strong legal system for registering security interests and asset recovery in the event of default; (3) differences in charging structures (e.g., all-inclusive models vs. time/per certificate basis); (4) variations in tax laws; (5) quality of service for daily operations, customer support, and privacy protection; and (6) a strong reputation supported by a proven track record (Lewin, 2025). These factors help reduce transaction costs and legal uncertainty in cross-border operations.

Tax Regime and Fiscal Policy

Tax policy has long been considered the “king” in offshore finance. Ireland's dominance in commercial aircraft leasing exemplifies this conventional wisdom. Since the 1970s, the Republic of Ireland has solidified its leadership by leveraging a combination of low corporate tax rates, specialized aviation tax incentives, a transparent legal system, and European Union (EU) membership (McManus, 2025). This undisputed reputation has led to Ireland accounting for over 60% of the global leasing market, with an Irish-leased aircraft taking off every 2 seconds (McManus, 2025). However, this dominance is more specific to commercial aviation, whereas small jurisdictions typically focus on private and corporate aviation through tax-neutrality and asset-confidentiality strategies.

In recent years, developments have begun to alter previously established competitive dynamics. Beginning in 2013, the OECD's Base Erosion and Profit Shifting (BEPS) initiative was introduced to address profit shifting into low-tax jurisdictions, estimated to cost governments $100-240 billion annually (equivalent to 4-10% of global corporate income tax revenue) (OECD, n.d.). In late 2023, Ireland implemented the OECD Pillar II rules, which require a 15% minimum effective corporate tax rate for large multinational enterprises with annual revenues exceeding €750 million, marking a significant shift from the longstanding 12.5% statutory rate (Sheehan et al., 2024; Cafico International, 2024). To enforce this directive, Ireland legislated for a Qualified Domestic Minimum Top-up Tax (QDMTT) in conjunction with the Pillar II Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR) to secure tax on both domestic and foreign profits. Conversely, some territories, including the Cayman Islands, remain outside the scope of domestic Pillar II implementation requirements, preserving their ability to provide tax-neutral domiciles for SPVs and holding companies. Although smaller jurisdictions generally follow a different fiscal philosophy from larger economies, some have now enacted the same QDMTT or IIR rules to ensure they retain tax revenue that would otherwise be claimed by foreign governments. In this evolving fiscal environment, these changes can greatly affect private and corporate aviation, where ownership and financing structures depend heavily on SPVs, cross-border leasing, and the continued availability of tax-neutral jurisdictions.

Service Quality and Operational Efficiency

Operational efficiency and service responsiveness constitute a third competitive dimension. Established in 2007, the Isle of Man Aircraft Registry (IOMAR) is frequently cited as a pioneer in offshore business jet registration. Since its launch, the registry has effectively challenged the traditional, slow-moving 9-to-5 government registers of larger nations, which focused primarily on national airlines and other commercial air transport operators (Johnson, 2020). The Isle of Man’s innovative solution focused on service through 24/7 accessibility, a highly efficient, business-like operating style, and simplified procedures. Specifically, IOMAR created improved systems, such as issuing Reduced Vertical Separation Minima (RVSM) approvals and flexible Minimum Equipment List (MEL) compliance, which significantly reduced operational downtime and administrative friction (Johnson, 2020). Large, established economies, such as the United States and China, thrive in other areas of the aviation industry due to their market size, manufacturing prowess, and access to substantial capital. However, they face challenges posed by complex regulations, layered bureaucratic processes, and lengthy court proceedings, which hinder service quality and effective creditor protection. As a result, smaller jurisdictions have been more successful in adopting IOMAR’s service-centric model, with registries in Aruba and Guernsey following a similar approach (Johnson, 2020).

Bridging the Gap

The collective literature confirms that jurisdictional success depends on a strategic combination of legal, fiscal, and operational factors. However, basing investment decisions solely on qualitative evidence creates unquantifiable market risk. Without an empirical framework to rank and weight these dimensions, investors and policymakers are ill-equipped to reliably forecast policy outcomes or objectively compare jurisdictional competitiveness. The

following chapter introduces and empirically tests the Competitive Success Index, translating the success factors identified in the literature into a structured, quantitative framework. Through empirical weighting and comparative analysis, the CSI bridges descriptive insight and measurable competitiveness.

Methodology

Research Design and Model Specification

This exploratory study develops and conducts preliminary empirical testing of a novel composite index through three sequential stages: (1) sample selection and factor operationalization, (2) empirical weight calibration, and (3) validation of the results through comparative ranking analysis. The CSI conceptualizes jurisdictional competitiveness as a weighted aggregation of multiple institutional dimensions, expressed as:

$$CSI_j = \sum_{i=1}^{n} w_i x_{ij}$$

where,
CSI_j: denotes the composite competitiveness score for the jurisdiction j
j: indexes the individual jurisdiction
n: represents the number of categories included in the index
i: indexes the category
w_i: represents the empirically calibrated weight assigned to the category i
x_{ij}: represents the standardized score of the category i for jurisdiction j

Sample Selection

The study examines a cross-sectional sample of seven small jurisdictions: Malta, the Isle of Man, San Marino, the Cayman Islands, Aruba, Bermuda, and Guernsey. Sample selection was based on meeting specific criteria: (1) documented prominence as market leaders in industry literature, (2) diversity of legal and fiscal structures to allow for variation, and (3) availability of consistent, publicly accessible data across all measured factors. These jurisdictions provide a basis for evaluating the CSI's capacity to differentiate institutional competitiveness and produce meaningful comparative rankings.

The study does not claim that these are the only relevant jurisdictions in the market. Other jurisdictions, including Cyprus, Luxembourg, and the British Virgin Islands, also participate in aircraft registration and aviation finance. However, they were excluded from the initial sample because comparable data across all CSI categories were not consistently available at the time of analysis. Jersey, for example, ceased registry operations during the study period and was therefore excluded. Future applications of the CSI should expand the sample to include jurisdictions that meet these conditions and other emerging registries, such as Gibraltar, as data availability improves.

Factor Operationalization

The CSI incorporates thirteen success factors organized into three principal categories: legality and regulatory quality, tax regime and fiscal policy, and service quality and operational efficiency. Each success factor is operationalized on a standardized, dimensionless scale from 0 to 10 (or appropriate subscales). This ensures comparability across heterogeneous measures and prevents any single metric from skewing the composite scores. Within each category, success factors are assigned equal weights to produce composite category scores. Equal weighting is used at the factor level to mitigate researcher bias, given the absence of prior empirical evidence regarding the significance of factors. Accordingly, empirical weighting is applied exclusively at the category level, where theoretical distinctions between legality, taxation, and service are most pronounced in the existing literature.

Table 1 presents the operationalization, description, and primary data sources for each of the thirteen success factors. To further promote transparency, Appendix A.1 provides detailed scoring criteria and scale construction methodologies. Appendix A.2 presents jurisdiction profiles that include a complete list of data sources for each success factor.

Table 1
Operationalization of Competitive Success Factors

Success Factors	Operationalization	Description	Source
Legality and Regulatory Quality (evaluates the strength, predictability, and flexibility of the jurisdiction's legal system, regulatory oversight, and institutional governance affecting aircraft ownership and creditor protection)			
CTC Creditor Protection	Scale 0-4	Measures insolvency remedies, enforcement speed, and creditor priority under major Cape Town Convention declarations.	(UNIDROIT, n.d.-a)
Worldwide Governance Indicators (WGI) Composite Score	Scale 0-10	Measures six dimensions to describe large patterns in perceptions of government performance.	(World Bank Group, n.d.)
EU List of Non-Cooperative Jurisdictions for Tax Purposes	Scale 0-2	Evaluates compliance with EU tax governance standards and the implementation of	(Council of the European Union, 2025)

		OECD anti-BEPS initiatives.	
ICAO's USOAP Effective Implementation (EI) Score	Scale 0-10	Measures adherence to global aviation safety and technical standards across eight components.	(ICAO, n.d.-b)
Multi-Authority Safety Standards Score	Scale 0-4	Measures the jurisdiction's safety oversight based on the industry's most highly recognized authorities.	(FAA, 2025; EASA, n.d.)
Structural Flexibility and Diversity of Ownership	Scale 0-10	Measures the legal breadth and flexibility of ownership holdings, fiduciary vehicles, and structuring arrangements.	(Finnigan et al., 2021; Mclean & Atherden, 2020)
Tax Regime and Fiscal Policy (assesses the total tax burden, fiscal stability, and exposure to international tax reform impacting aircraft ownership, operation, and structuring)			
Average Statutory Tax Score	Scale 0-10	Measures the direct and indirect tax burden across an aircraft's lifecycle.	(PwC, 2025a)
OECD Pillar II Status	Scale 0-3	Assesses the jurisdiction's level of Pillar II implementation and the resulting tax implications.	(PwC, 2026)
Government Credit Rating	Scale 0-10	Measures the macroeconomic and financial stability of the jurisdiction.	(Moody's, 2024a; Standard & Poor's Global Ratings, 2024)
Service Quality and Operational Efficiency (examines the operational effectiveness, responsiveness, and maturity of the aircraft registry and administrative services)			
Time to Registration	Scale 0-10	Measures the administrative speed and efficiency of the registration process.	(Sentient International, n.d.-a)

Customer Service Availability	Scale 0-3	Measures the agility and responsiveness of the registry to international clients.	(Transport Malta, 2021; DQ Advocates, n.d.; 2-REG, n.d.-a)
Years of Registry Operation	Scale 0-10	Measures the registry's institutional maturity, credibility, and operational longevity within the industry.	(Lewin, 2025)
Confidentiality and Privacy Protection	Scale 0-3	Measures the level of privacy available to the ultimate beneficial owner.	(Sentient International, n.d.-b)

Note. This table lists the thirteen success factors used to construct the CSI, along with how each factor is operationalized, its scale, and its data source.

Empirical Weight Calibration

Category weights are estimated using Ordinary Least Squares (OLS) regression (a statistical method selected for its transparency and direct interpretability of coefficients). Standardized composite category scores are used as independent variables. The dependent variable is the compound annual growth rate (CAGR) of registered aircraft over the five-year period from 2019 to 2024.

The 2019-2024 period was marked by substantial geopolitical disruption, particularly the Russia-Ukraine war, which began in February 2022, and the subsequent sanctions. To account for exogenous constraints on registration growth, a binary control variable representing exposure to international aviation sanctions is incorporated. While the intensity and duration of sanctions exposure varied across jurisdictions, a binary specification was adopted due to data constraints and control for directional distortion. Jurisdictions with documented sanctions impact (Isle of Man, Bermuda, Guernsey, and Cayman Islands) are coded 1; those without documented exposure (Malta, San Marino, and Aruba) are coded 0. The regression specification is expressed as:

$$Growth_j = \beta_0 + \beta_1 Legal_j + \beta_2 Tax_j + \beta_3 Service_j + \gamma Sanctions_j + \epsilon_j$$

The CSI weights are calculated by dividing each standardized regression coefficient (β weight) by the sum of the absolute values of all coefficients. This normalization ensures that the final category weights sum to one and allows the index to reflect the observed empirical association between each category and registration growth within the sample. To assess the sensitivity of the rankings to the weighting methodology, an equal-weight CSI specification, in which each category receives a weight of one-third, is also calculated and compared with the regression-weighted CSI ranking.

Model Validation

Following calibration, CSI scores are computed for each jurisdiction and used to produce a predicted ranking of structural competitiveness. This predicted ranking is then compared with observed market rankings based on aircraft registration CAGR during the same 2019-2024 period. The degree of association between predicted and observed rankings is assessed using Spearman's rank correlation coefficient (ρ) (a non-parametric measure for small samples and ordinal comparisons).

Statistical significance throughout this study is assessed against the conventional threshold of $p < 0.05$. The Spearman correlation does not serve as a pass-fail test of structural validity; instead, it provides a starting point for assessing long-term institutional quality.

Given the small number of jurisdictions included in the study, OLS regression is used as an exploratory calibration tool rather than a confirmatory statistical model. OLS is selected not only for its interpretive transparency but for its capacity to produce increasingly stable and statistically reliable estimates as jurisdictional coverage expands in future applications of the CSI. Alternative methods better suited to small comparative samples, such as Bayesian estimation or rank-based approaches, may be considered in future iterations as the dataset expands and prior distributions become better defined. The purpose of the regression is not to establish statistically generalizable causal relationships, but to provide an initial empirical basis for deriving indicative category weights within the CSI framework. Accordingly, coefficient estimates are interpreted with caution. They should be treated as preliminary indicators of relative importance, not as fixed or conclusive values.

Results

Table 2
Operationalization Scores for Competitive Success Factors

Success Factors	Scale	Malta	Isle of Man	San Marino	Cayman Islands	Aruba	Bermuda	Guernsey
				Legality and Regulatory Quality				
CTC Creditor Protection	0-4	4	4	4	4	2	4	4
WGI Composite Score	0-10	7.13	8.489	8.814	8.072	8.321	8.287	8.489
EU List of Non-Cooperative Jurisdictions for Tax Purposes	0-2	2	2	2	2	2	2	2

ICAO's USOAP EI Score	0-10	7.745	9.415	8.19	9.415	7.953	9.415	9.415
Multi-Authority Safety Standards Score	0-4	4	2	2	3	2	3	2
Structural Flexibility and Diversity of Ownership	0-10	7.69	8.46	6.15	9.23	6.15	7.69	9.23
				Tax Regime and Fiscal Policy				
Average Statutory Tax Score	0-10	9	9	9	10	10	9	10
OECD Pillar II Status	0-3	2	1	1	3	3	1	1
Government Credit Rating	0-10	8	9	7	9	6	8	8
				Service Quality and Operational Efficiency				
Time to Registration	0-10	7	9	7	3	9	3	9
Customer Service Availability	0-3	3	3	3	1	3	2	3
Years of Registry Operation	0-10	7	9	6	10	10	10	6
Confidentiality and Privacy Protections	0-3	2	2	3	2	2	3	3
				Geopolitical Exposure				
International Aviation Sanctions	0-1	0	1	0	1	0	1	1

Note. This table reports each jurisdiction's raw score on all thirteen success factors, along with its exposure to international aviation sanctions.

Table 3

Growth Rates in Aircraft Registrations (2019-2024)

Jurisdiction	Registered Aircraft (2019)	Source (2019)	Registered Aircraft (2024)	Source (2024)	Absolute Change	CAGR (2019-2024)

Malta	392	(C. Pace, personal communication, July 6, 2026)	912	(C. Pace, personal communication, July 6, 2026)	520	18.4%
Isle of Man	387	(C. Gill, personal communication, December 23, 2025)	284	(C. Gill, personal communication, December 23, 2025)	-103	-6.0%
San Marino	238	(Johnson, 2020)	450	(Hodgetts, 2025)	212	13.6%
Cayman Islands	251	(CAACI, 2019)	268	(CAACI, 2024)	17	1.3%
Aruba	150	(AvBuyer, 2019)	156	(Wikimedia Commons, n.d.)	6	0.8%
Bermuda	888	(BCAA, 2020)	445	(BCAA, 2025)	-443	-12.9%
Guernsey	210	(J. Polderman, personal communication, June 19, 2026)	250	(J. Polderman, personal communication, June 19, 2026)	40	3.5%

Note. This table reports the number of registered aircraft in 2019 and 2024, the absolute change, and the compound annual growth rate (CAGR) for each jurisdiction. C. Pace: Captain Charles Pace, Director General for Civil Aviation, Transport Malta. C. Gill: Colin Gill, Deputy Director of Civil Aviation, Isle of Man. J. Polderman: Julian Polderman, Registry Manager, Guernsey Aircraft Registry.

Table 4

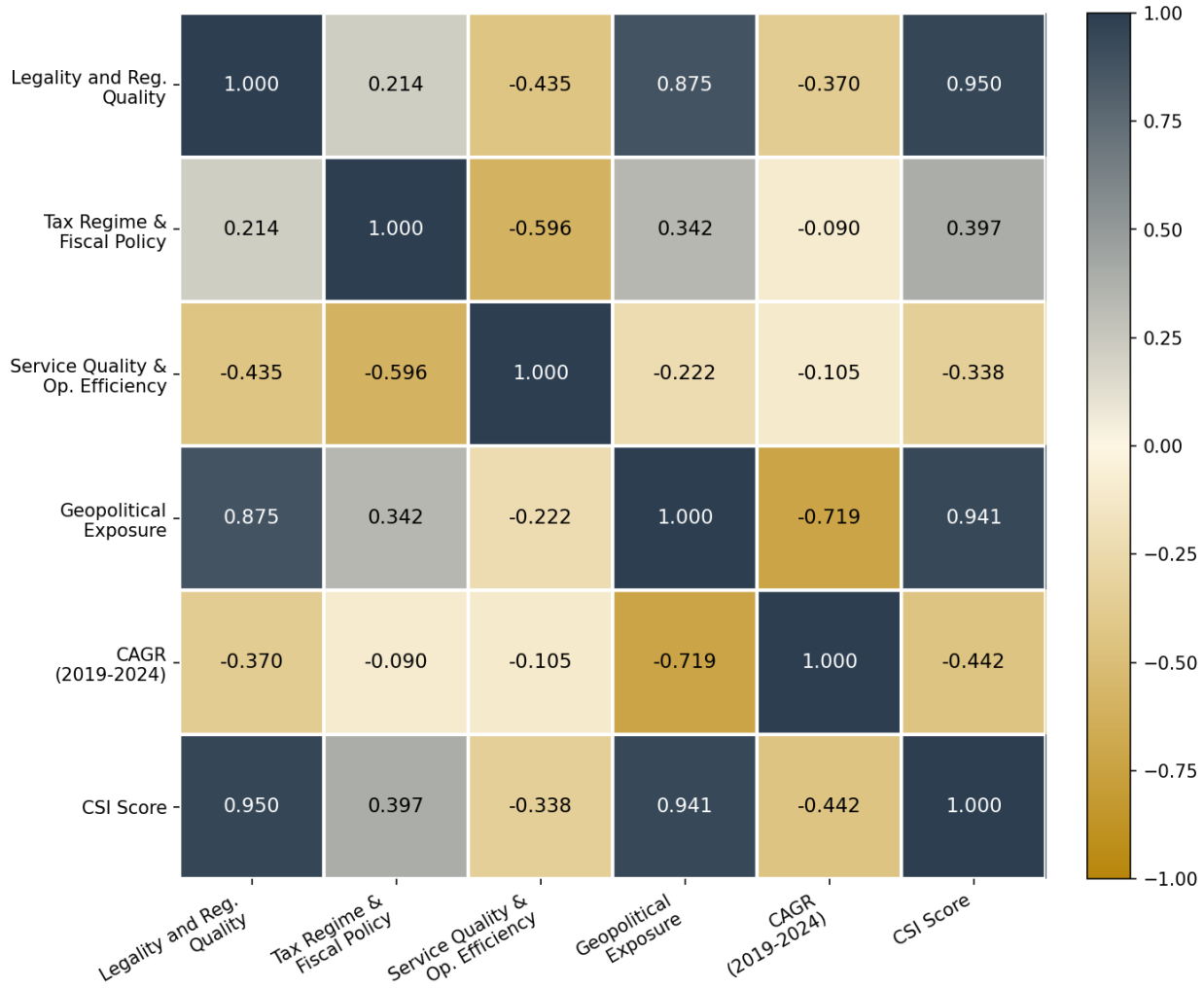
Composite Category Scores (Standardized)

Jurisdiction	Legality and Regulatory Quality	Tax Regime and Fiscal Policy	Service Quality and Operational Efficiency	Geopolitical Exposure
Malta	-0.229	-0.132	-0.224	-1.155
Isle of Man	0.259	-0.174	0.262	0.866
San Marino	-0.234	-0.848	0.138	-1.155
Cayman Islands	0.455	1.256	-0.884	0.866
Aruba	-0.93	0.246	0.405	-1.155
Bermuda	0.313	-0.511	-0.035	0.866
Guernsey	0.367	0.163	0.339	0.866

Note. This table presents each jurisdiction's standardized composite score across the three CSI categories and the geopolitical exposure variable. Category scores are calculated by standardizing and averaging the underlying success factors within each category.

Figure 1

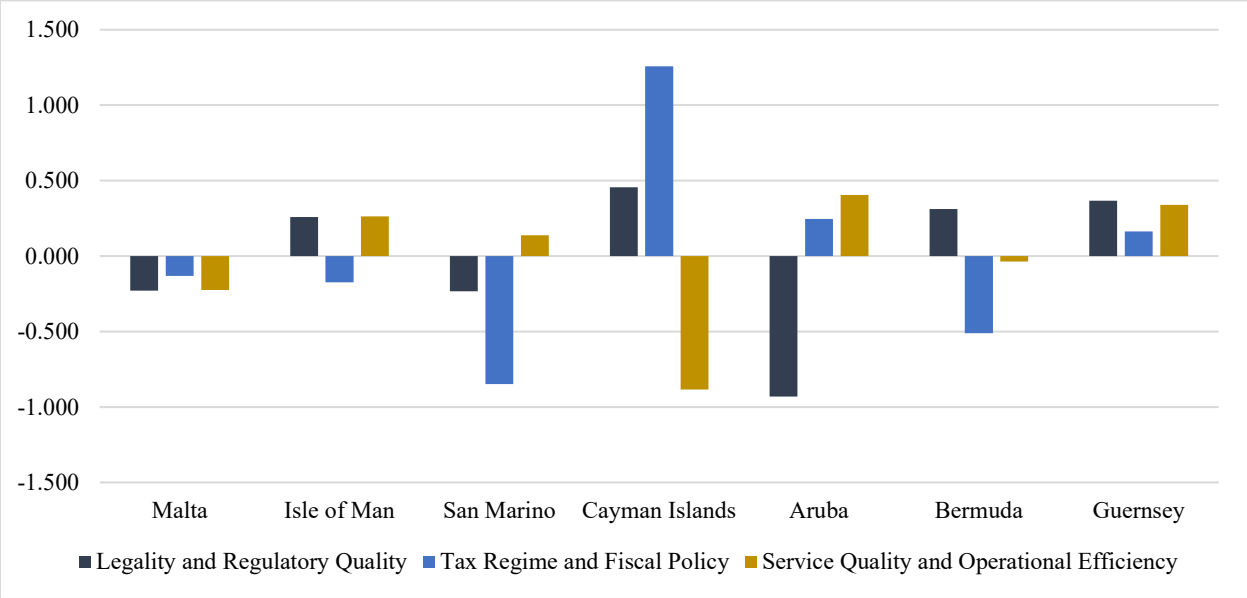
Correlation Matrix of CSI Categories, Geopolitical Exposure, CAGR, and Composite CSI Score



Note. This figure displays the pairwise correlations among the three CSI categories, geopolitical exposure, registration growth (CAGR), and the composite CSI score.

Figure 2

Category Scores by Jurisdiction (Standardized)



Note. This figure compares each jurisdiction's standardized scores across the three CSI categories.

Table 5

OLS Regression Results: Determinants of Aircraft Registration Growth (2019-2024)

Variable	Standardized β	Standard Error	t-Statistic	p-Value
Legality and Regulatory Quality	4.499	0.240	18.713	0.003
Tax Regime and Fiscal Policy	1.235	0.096	12.884	0.006
Service Quality and Operational Efficiency	1.603	0.158	10.138	0.01
Geopolitical Exposure	-2.644	0.106	-25.001	0.002
Constant	0	0.034	0	1
R^2	0.998	-	-	-
Adjusted R^2	0.993	-	-	-

Note. This table reports the standardized regression coefficients, standard errors, t-statistics, and p-values used to calibrate the CSI category weights, along with overall model fit statistics.

All four predictors, including the three category coefficients, are individually significant at the conventional level ($p < 0.05$). However, the model's near-perfect fit ($R^2 = 0.998$) and only two residual degrees of freedom should not be read as confirmation of the underlying theory — a limitation addressed further below.

Table 6
Empirically Derived CSI Weights

Category	Empirical Weight (w_i)
Legality and Regulatory Quality	0.613
Tax Regime and Fiscal Policy	0.168
Service Quality and Operational Efficiency	0.218
Total	1

Note. This table presents the final category weight used to calculate the CSI for each category. Weights are based on the standardized regression coefficients reported in Table 5.

These weights indicate that Legality and Regulatory Quality account for just over three-fifths of the CSI's composite score, exceeding the contributions of Tax Regime and Fiscal Policy (16.8%) and Service Quality and Operational Efficiency (21.8%).

Table 7
CSI Scores and Rankings

Jurisdiction	CSI Score	CSI Rank
Malta	-0.212	5
Isle of Man	0.187	3
San Marino	-0.256	6
Cayman Islands	0.298	2
Aruba	-0.441	7
Bermuda	0.098	4
Guernsey	0.326	1

Note. This table presents each jurisdiction's composite CSI score and its resulting rank under the empirically weighted model.

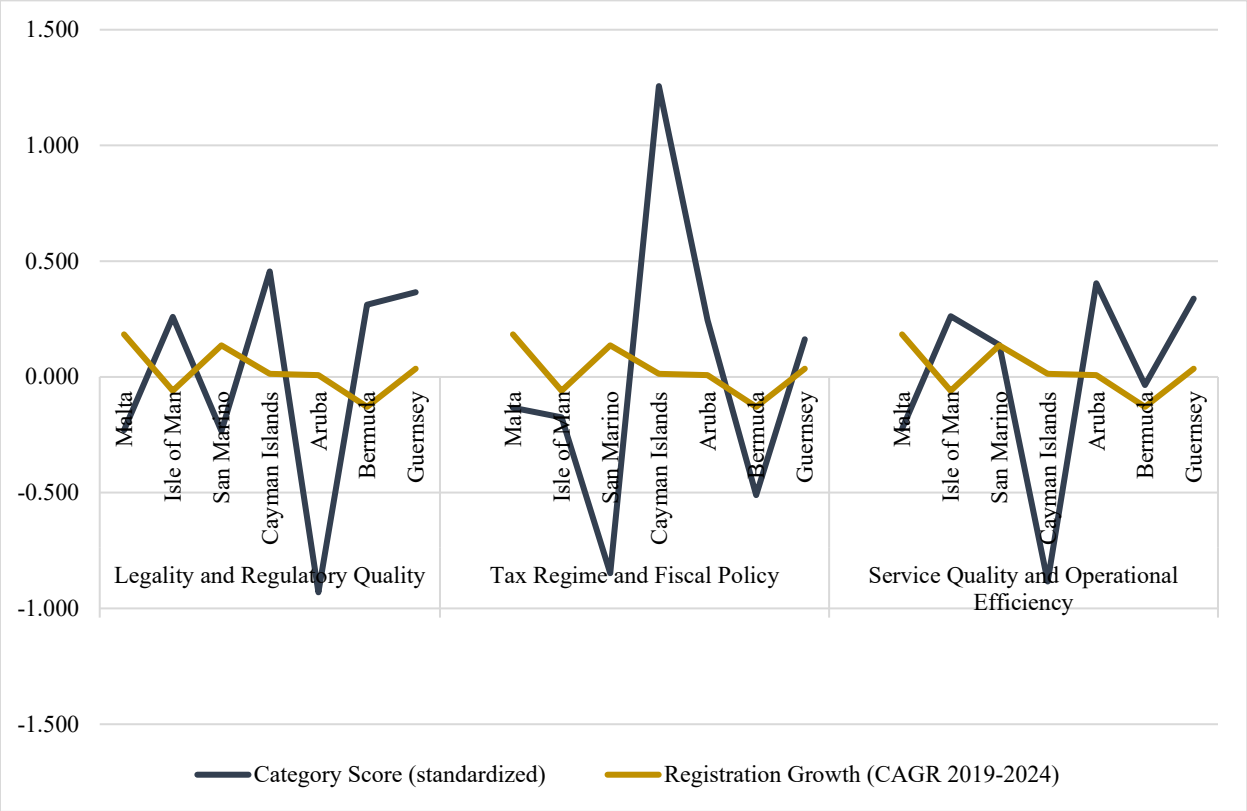
Table 8
Model Validation: CSI Ranking vs. Market Performance

Jurisdiction	CSI Rank	Actual Growth Rank
Malta	5	1
Isle of Man	3	6
San Marino	6	2
Cayman Islands	2	4
Aruba	7	5
Bermuda	4	7
Guernsey	1	3

Note. This table compares each jurisdiction's predicted CSI rank with its actual rank based on registration growth (CAGR) from 2019 to 2024.

Figure 3

Category Scores vs. Registration Growth (CAGR 2019-2024) by Jurisdiction



Note. This figure illustrates the relationship between each jurisdiction's CSI category scores and its actual registration growth.

Figure 4

Actual vs. Predicted Registration Growth by Jurisdiction

Note. Actual and predicted registration growth values are plotted as separate series on a shared vertical axis for direct comparison across jurisdictions. The vertical distance between series at each jurisdiction reflects the model's residual error.

Spearman's ρ tests whether the CSI's predicted ranking matches the actual ranking by registration growth. Spearman's ρ measures rank association: values near +1 indicate strong positive agreement, values near -1 indicate strong inverse association, and values near 0 indicate little or no rank relationship.

Table 9

Spearman Rank Correlation Results: CSI Rank vs. Actual Growth Rank

Statistic	Value
Spearman's ρ	-0.107
t-Statistic	-0.241
p-Value	0.819

Note. This table reports Spearman's ρ, the t-statistic, and the p-value for the correlation between predicted CSI rankings and actual registration-growth rankings.

Table 10
Sensitivity Analysis: Regression-Weighted vs. Equal-Weight CSI Rankings

Jurisdiction	Regression-Weighted CSI Score	Regression Rank	Equal-Weight CSI Score	Equal-Weight Rank	Change
Malta	-0.212	5	-0.195	6	-1
Isle of Man	0.187	3	0.116	3	0
San Marino	-0.256	6	-0.315	7	-1
Cayman Islands	0.298	2	0.276	2	0
Aruba	-0.441	7	-0.093	5	2
Bermuda	0.098	4	-0.078	4	0
Guernsey	0.326	1	0.289	1	0

Note. This table compares each jurisdiction's rank under the regression-weighted CSI with its rank under an equal-weight specification, along with the resulting change.

Table 11
Spearman Rank Correlation Results: Regression-Weighted vs. Equal-Weight

Statistic	Value
Spearman's ρ	0.893
t-Statistic	4.433
p-Value	0.007

Note. This table reports Spearman's ρ, the t-statistic, and the p-value for the correlation between the regression-weighted and equal-weight CSI rankings.

Discussion

The empirically derived weights reveal an unexpected hierarchy among the determinants of competitiveness. Legality and regulatory quality emerge as the dominant factor (0.613), outweighing the combined influence of tax regime and fiscal policy (0.168) and service quality and operational efficiency (0.218). This distribution challenges the conventional assumption that tax policy is the primary driver of jurisdictional competitiveness. Several factors may help explain this outcome.

One explanation lies in the effects of the OECD's BEPS initiative and the implementation of Pillar II. Statutory and effective tax rates have begun to converge across jurisdictions, reducing the marginal competitive advantages granted by fiscal policy. Among the jurisdictions examined, tax treatment is uniformly favorable, with scores clustering between 9 and 10 on the Average Statutory Tax scale. Because tax treatment varies little across the sample, the tax variable has little explanatory power for differences in registration growth.

A more compelling explanation lies in genuine market evolution. As tax incentives converge across jurisdictions, creditor protection, regulatory predictability, and legal enforceability appear to have become the more decisive differentiators. Service quality and

operational efficiency, by contrast, function as a complementary condition rather than an independent driver. While superior service is necessary to attract and retain clients, it cannot substitute for a weak legal or fiscal foundation.

International sanctions offer a further explanation. The geopolitical exposure variable exerts a meaningful negative effect on registration growth ($\beta = -2.644$, $p = 0.002$), the strongest individual predictor despite the small sample size. Jurisdictions with legal, political, or constitutional ties to sanctioning powers proved particularly vulnerable when international conflicts emerged. British Overseas Territories and Crown Dependencies experienced substantial registry contractions following the United Kingdom's implementation of sanctions on Russian-owned aircraft. Bermuda's registry declined from approximately 900 aircraft in January 2020 to 644 by May 2023, with revenue falling by 85% and resulting in an estimated $18 million loss (Solomon, 2025). Jurisdictions with greater political autonomy, such as Malta and San Marino, largely avoided these disruptions. Collectively, these patterns suggest that political neutrality and sanctions immunity represent an important yet underexamined dimension of competitiveness.

These geopolitical disruptions, alongside the structural factors discussed above, help explain why the CSI shows limited correlation with observed registration growth during 2019-2024 ($\rho = -0.107$, $p = 0.819$). The limited correlation does not undermine the index's validity; rather, it points to a meaningful distinction between long-term institutional quality and short-term market dynamics. Three non-exclusive explanations merit consideration. First, the study period was marked by extraordinary geopolitical disruption that likely overwhelmed underlying institutional advantages. Second, the CSI may capture structural institutional quality more than cyclical market outcomes: mature registries with established reputations tend to score highly but lose registrations to lifecycle effects and market saturation, while newer registries experience faster growth from smaller initial bases. Third, the model itself may require revision in factor selection, functional form, or weighting methodology. The most defensible interpretation likely accounts for the interaction of all three explanations.

The sensitivity analysis further supports the stability of the CSI rankings. Four of the seven jurisdictions retain identical rankings regardless of whether empirically derived or equal weights are applied, indicating that the overall ranking structure is not driven by the regression specification. Among the three exceptions, Aruba's upward movement, from 7th to 5th place under equal weighting, reflects its competitive tax and service scores. These strengths are suppressed under the regression-weighted model due to Aruba's comparatively weaker creditor-protection policies. Conversely, Malta and San Marino each fall one place under equal weighting, from 5th to 6th and 6th to 7th respectively, revealing how much their positions depend on a strong legal score. Notably, the regression-weighted and equal-weight rankings are highly correlated ($\rho = 0.893$, $p = 0.007$), while the regression-weighted CSI shows a negative, statistically insignificant correlation with actual registration growth ($\rho = -0.107$, $p = 0.819$). While this does not imply that equal weighting is theoretically preferable, it reinforces that the relationship between institutional quality and short-term registration growth is more nuanced than either specification can adequately explain.

Limitations

This exploratory study is subject to several methodological limitations that constrain the generalizability of its findings. The most significant limitation is sample size. With only seven jurisdictions and four explanatory variables, the regression analysis lacks sufficient statistical power to yield stable coefficient estimates. The model's near-perfect fit (adjusted $R^2 = 0.993$) most likely indicates overfitting and lacks explanatory power. Consistent with this concern, all four individual coefficients are statistically significant ($p < 0.05$), an unlikely outcome given only two residual degrees of freedom. The coefficients should therefore be interpreted as suggestive, not conclusive.

The study's time horizon presents additional challenges. Category weights are calibrated on 2019-2024 data and evaluated against outcomes from the same period, introducing a degree of circularity that precludes independent validation. Interpretation is further complicated by the extraordinary geopolitical disruption during this interval. The CSI may perform adequately under normal conditions, but it was unable to demonstrate predictive validity in the face of unprecedented sanctions exposure.

Additionally, data collection was constrained by incomplete institutional participation. While multiple attempts were made to verify the 2019 and 2024 aircraft registration counts with each jurisdiction's registry, not all responded, and some were unable to provide registration data due to local privacy laws (e.g., the San Marino Privacy Act) or company-mandated data protection policies. The study relies only on sources that could be publicly verified or confirmed through direct correspondence. This approach preserves transparency and replicability but also limits the dataset's completeness and consistency.

Uncertainty also arises from choices in factor operationalization. Because prior empirical research on this market is limited, equal weighting is applied to factors within each category as an initial approach, which may not accurately reflect their true relative importance. Moreover, limited variation in tax policy across jurisdictions may artificially suppress the observed relationship between tax policy and outcomes. In addition, some success factors may exhibit multicollinearity (e.g., WGI Composite Scores correlating with ICAO's USOAP EI Scores), potentially inflating standard errors and weakening statistical inference.

A related concern is the extension of national governance and safety scores to autonomous territories. The Isle of Man, Cayman Islands, Bermuda, and Guernsey inherit their ICAO USOAP EI and WGI scores from the United Kingdom, while Aruba does so from the Netherlands. Proxying in this manner risks introducing a bureaucratic halo effect, in which the institutional standing of a governing state is applied to a dependent registry whose operational reality may differ considerably. As a result, the CSI may systematically overstate or understate a territory's true structural competitiveness.

Lastly, some jurisdictions may offer additional incentives that the current CSI does not operationalize. For instance, Malta's EU membership provides rights to operate within European airspace, EASA certification, and single-market access, advantages that purely offshore registries

cannot offer and that may place Malta in a stronger competitive position. Collectively, these limitations warrant cautious interpretation.

Conclusion

This study develops and preliminarily tests a Competitive Success Index for comparing small jurisdictions in private and corporate aviation finance. By operationalizing thirteen success factors across three principal dimensions, the CSI offers a holistic, quantitative framework for assessing structural competitiveness.

For policymakers and registry authorities, the findings suggest that legality and regulatory quality may play a larger role than is commonly assumed. Based on this exploratory sample, strengthened creditor protection, effective implementation of the Cape Town Convention, and regulatory predictability appear to exert a meaningfully greater influence on institutional competitiveness than marginal fiscal incentives or operational factors. However, the limited correlation between CSI scores and recent registration growth suggests that institutional quality alone does not guarantee short-term success when exogenous geopolitical shocks dominate market outcomes. Political neutrality and sanctions immunity thus emerge as important considerations — either as a fourth dimension of competitiveness or as a multiplicative constraint — particularly should geopolitical tensions persist.

Despite its limitations, the study demonstrates that systematic, quantitative comparison is both feasible and informative. The negative correlation between CSI rankings and short-term performance suggests that the index captures institutional characteristics that play out over longer horizons than a single market cycle. More broadly, the disconnect between institutional quality and short-term market performance under geopolitical disruption confirms that competitiveness is multifaceted and context-dependent. Future research should expand jurisdictional coverage (n=15-20), test alternative metrics under varying market conditions, and conduct sensitivity analyses across different weighting configurations. Longitudinal applications may further illuminate how regulatory reform, tax harmonization, and geopolitical developments shape competitiveness over time. This study lays a foundation for future research and advances understanding of the institutional factors governing the allocation of billions of dollars in aviation assets. As regulatory complexity grows and geopolitical risk intensifies, analytical tools capable of identifying sustainable competitive advantage and anticipating capital reallocation will become increasingly valuable.

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Appendices

Appendix A.1 extends the methodology section by providing detailed scoring criteria, scale construction, and variable operationalization used to develop the Competitive Success Index. Appendix A.2 includes jurisdictional profiles documenting regulatory implementation, legal structures, fiscal characteristics, and registry operations relevant to the success factors defined in Table 1. All information is drawn from publicly available material, international organizations, and industry sources cited in the references. The appendices are intended to increase transparency and replicability and do not introduce additional analysis beyond that presented in the main text.

Appendix A.1

Table A1
Detailed Scoring Criteria and Variable Operationalization

Success Factors	**Operationalization**	**Description**
Legality and Regulatory Quality		
CTC Creditor Protection	Scale 0-4: 4 = Article 54(2), Article XIII, and Article XI Alternative A declared 3 = Article 54(2), Article XIII, and Article XI Alternative B declared 2 = Article 54(2) and Article XIII declared; no Article XI declaration 1 = Contracting state with no relevant declarations 0 = Not a contracting state	Measures insolvency remedies, enforcement speed, and creditor priority under major Cape Town Convention declarations.
Worldwide Governance Indicators (WGI) Composite Score	Scale 0-10: (Average the six indicators, convert score out of 100 × 0.1)	Measures six dimensions to describe large patterns in perceptions of government performance: 1. Voice and Accountability 2. Political Stability and Absence of Violence/Terrorism 3. Government Effectiveness 4. Regulatory Quality 5. Rule of Law 6. Control of Corruption

EU List of Non-Cooperative Jurisdictions for Tax Purposes	Scale 0-2: 2 = Cooperative with no pending commitments 1 = Cooperative with pending commitments (Annex II) 0 = Non-cooperative or have not fully met commitments (Annex I)	Evaluates compliance with EU tax governance standards and the implementation of OECD anti-BEPS initiatives.
ICAO's USOAP Effective Implementation (EI) Score	Scale 0-10: (Average the eight ICAO safety categories, then multiply by 10)	Measures adherence to global aviation safety and technical standards across eight components: 1. Legislation 2. Organization 3. Licensing 4. Operations 5. Airworthiness 6. Accident Investigation 7. Air Navigation Services 8. Aerodromes
Multi-Authority Safety Standards Score	Scale 0-4: 4 = FAA Category 1 and EASA member state 3 = FAA Category 1 and OTARS compliance 2 = FAA Category 1 and ICAO compliance, with EASA membership where applicable 1 = ICAO compliance only 0 = FAA Category 2	Measures the jurisdiction's safety oversight based on the industry's most highly recognized authorities.
Structural Flexibility and Diversity of Ownership	Scale 0-10: (Number of available structures ÷ 13 × 10) 13 structures = 10 12 structures = 9.23 11 structures = 8.46 10 structures = 7.69 9 structures = 6.92 8 structures = 6.15 7 structures = 5.38 6 structures = 4.62 5 structures = 3.85 4 structures = 3.08 3 structures = 2.31	Measures the legal breadth and flexibility of ownership holdings, fiduciary vehicles, and structuring arrangements: 1. Traditional Limited Company (Ltd) 2. Limited Liability Company (LLC) 3. Exempt / International Business Company (IBC) 4. Protected Cell Company (PCC) 5. Incorporated Cell Company (ICC)

	2 structures = 1.54 1 structures = 0.77 0 structures = 0	6. Unlimited Company 7. General Partnership (GP) 8. Limited Partnership (LP) 9. Limited Liability Partnership (LLP) 10. Trusts 11. Foundations 12. Special Purpose Vehicle 13. Domiciliation (company continuation)
Tax Regime and Fiscal Policy		
Average Statutory Tax Score	Scale 0-10: (Weighted average across 11 tax categories, normalized) 10 = 0% 9 = 0.1-10% 8 = 10.1-20% 7 = 20.1-30% 6 = 30.1-40% 5 = 40.1-50% 4 = 50.1-60% 3 = 60.1-70% 2 = 70.1-80% 1 = 80.1-90% 0 = >90%	Measures the direct and indirect tax burden across an aircraft's lifecycle: 1. VAT (3x) 2. Corporate Tax (3x) 3. Withholding Tax (3x) 4. Import Duty (2x) 5. Stamp Duty (1x) 6. Personal Income Tax (1x) 7. Insurance Premium Tax (1x) 8. Capital Transfer Tax (1x) 9. Capital Gains Tax (1x) 10. Inheritance Tax (1x) 11. Wealth Tax (1x)
OECD Pillar II Status	Scale 0-3: 3 = No implementation 2 = Extension/deferral 1 = Partial implementation 0 = Full IIR and UTPR implementation	Assesses the jurisdiction's level of Pillar II implementation and the resulting tax implications.
Government Credit Rating	Scale 0-10: *Moody's* 10 = Aaa 9 = Aa1/Aa2/Aa3 8 = A1/A2/A3 7 = Baa1 6 = Baa2/Baa3 5 = Ba1 4 = Ba2/Ba3 3 = B1 2 = B2/B3	Measures the macroeconomic and financial stability of the jurisdiction.

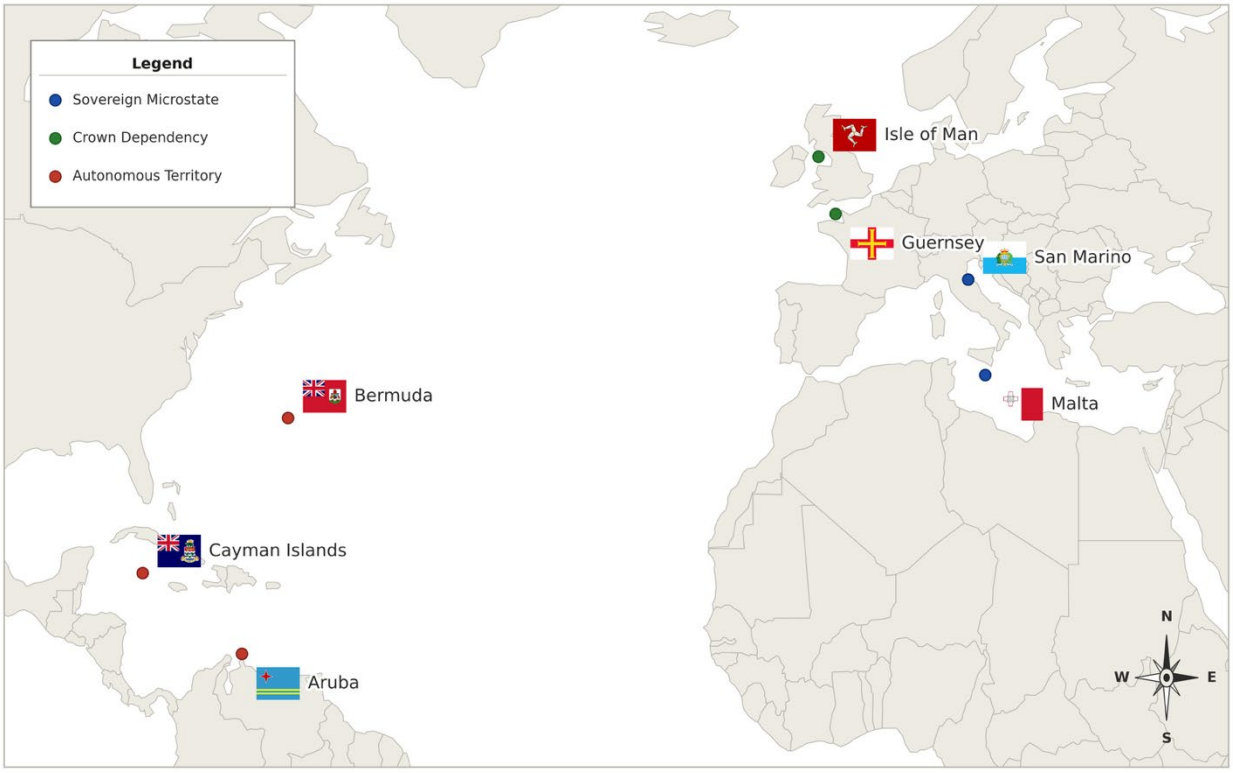
	1 = Caa1/Caa2/Caa3 0 = Ca/C/WR Or *S&P* 10 = AAA 9 = AA+/AA/AA- 8 = A+/A/A- 7 = BBB+ 6 = BBB/BBB- 5 = BB+ 4 = BB/BB- 3 = B+ 2 = B/B- 1 = CCC+/CCC/CCC- 0 = CC/SD/D/NR	
Service Quality and Operational Efficiency		
Time to Registration	Scale 0-10: 10 = < 24 hours 9 = 1-2 days 8 = 3-5 days 7 = 6-9 days 6 = 10-14 days 5 = 15-21 days 4 = 22-30 days 3 = 31-45 days 2 = 46-60 days 1 = 61-90 days 0 = > 90 days	Measures the administrative speed and efficiency of the registration process.
Customer Service Availability	Scale 0-3: 3 = 24/7 personalized service 2 = Business hours, multiple international locations 1 = Business hours, 24/7 online portal 0 = Business hours only	Measures the agility and responsiveness of the registry to international clients.
Years of Registry Operation	Scale 0-10: 10 = 21+ years 9 = 19-20 years 8 = 17-18 years 7 = 15-16 years 6 = 13-14 years 5 = 11-12 years	Measures the registry's institutional maturity, credibility, and operational longevity within the industry.

	4 = 9-10 years 3 = 7-8 years 2 = 5-6 years 1 = 3-4 years 0 = 1-2 years	
Confidentiality and Privacy Protection	Scale 0-3: 3 = Non-public register, discreet registration mark, and anonymity structure (trust, nominee ownership, SPV, or corporate layering) 2 = Discreet registration mark and anonymity structure 1 = Discreet registration mark only 0 = Public register, no confidentiality	Measures the level of privacy available to the ultimate beneficial owner.

Note. This table provides the detailed scoring criteria and thresholds used to operationalize each of the thirteen success factors summarized in Table 1.

Appendix A.2

Figure A1
Geographic Location of Sampled Jurisdictions



Note. This figure shows the geographic location of the seven jurisdictions included in the study.

Jurisdictional Profiles

Malta

Malta is a Mediterranean civil law jurisdiction shaped by English, Roman, and Napoleonic legal traditions. The Aircraft Registration Act (2010) implemented the Cape Town Convention and Aircraft Protocol, with declarations under Article XI Alternative A (30-day insolvency waiting period), Article 54(2) permitting self-help remedies without court approval, and Article XIII enabling irrevocable deregistration and export authorization (IDERA) (UNIDROIT, n.d.-a; Transport Malta, 2019). This configuration is widely regarded as the preferred standard for creditor protection. Malta holds an ICAO USOAP Effective Implementation score of 77.45, FAA Category 1 status, and EASA membership (ICAO, n.d.-b; FAA, 2025; EASA, n.d.). Governance quality is reflected in a World Governance Indicators composite score of 71.3, and the EU classifies Malta as cooperative for tax purposes (World Bank Group, n.d.; Council of the European Union, 2025).

As an EU member state, Malta provides access to the single market and a competitive tax

regime. Although the statutory corporate tax rate is 35%, aviation-related income routed through appropriate structures may be eligible for full refunds or a participation exemption (Sentient International, n.d.-c; PwC, 2025b). Aircraft leasing may qualify for reduced VAT rates depending on aircraft range, while other assessed taxes may be effectively reduced to zero through established planning structures (Corrieri Cilia, n.d.; Zerafa Advocates, 2025; Sentient International, n.d.-c). In 2024, Malta obtained a six-year extension under OECD Pillar II, preserving fiscal flexibility for qualifying companies (PwC, 2026). The jurisdiction holds a Moody's A2 sovereign credit rating (Moody's, 2024c).

Malta supports 10 of the 13 ownership structures assessed in this study, including PCCs and ICCs, while excluding LLPs, unlimited companies, and Exempt/IBCs (1st Step Solution, 2025; Lindemann & Zakharova, 2024). The aircraft registry has operated since 2010, with registrations typically completed within 5 to 7 days (Transport Malta, 2021; Chetcuti Cauchi Advocates, 2024). EU transparency rules require a public register, though confidentiality can be improved through nominee arrangements, trusts, SPVs, and layered ownership structures. Aircraft registered in Malta carry the neutral "9H-" registration prefix.

Isle of Man

The Isle of Man lies in the Irish Sea between Great Britain and Ireland and is governed by Manx common law with its own parliament, Tynwald. It participates in the Cape Town Convention through UK extension, with declarations under Articles 54(2) and XIII (UNIDROIT, n.d.-d), but did not adopt Article XI, as domestic insolvency procedures already permit immediate enforcement under Manx law (Department of Economic Development, 2015). Aviation oversight is integrated into the United Kingdom's State Safety Programme (SSP), allowing the Island to share the UK's ICAO USOAP EI score of 94.15/100 (ICAO, n.d.-b; CAA, n.d.). A UK-proxy WGI composite score of 84.89/100 reflects strong governance standards, and the EU identifies the Isle of Man as cooperative on tax matters (World Bank Group, n.d.; Council of the European Union, 2025). The registry operates in accordance with ICAO requirements and applicable EASA regulations (Sentient International, n.d.-a).

The Island's fiscal model prioritizes low effective tax rates over a formal zero tax design. Corporate and personal income tax can be reduced to 0% for qualifying aircraft structures, while standard VAT at 20% can be mitigated through customs warehousing and deferment arrangements (Sentient International, 2025; Quayle & Whitley, 2023). Withholding and capital gains taxes are generally absent, and the lack of inheritance and wealth taxes permits long-term estate planning (Dixcart Air Marine, 2024; Sentient International, n.d.-b). In response to the OECD Pillar II, the Isle of Man implemented the IIR and QDMTT, effective from 2025, but did not adopt the UTPR (PwC, 2026). This strategic move preserved flexibility and enabled the continued use of flow-through vehicles under the parent company. Moody's Aa3 rating indicates a stable and credible macroeconomic environment (Moody's, 2025b).

The jurisdiction offers 11 of the 13 structuring options, including PCCs, ICCs, and trusts, while excluding LLPs and Exempt/IBCs. The Isle of Man Aircraft Registry is internationally

recognized for its service quality, featuring a publicly searchable register, neutral "M-" marks, and 24/7 personal support (Sentient International, n.d.-b; DQ Advocates, n.d.). While the register itself lists registration and ownership details, confidentiality for beneficial owners is preserved through the continued use of corporate and flow-through ownership vehicles. With 19 years of operational history, the organization completes registration in a matter of days, and its highly responsive administration continues to attract aircraft owners and financiers (Lewin, 2025; Sentient International, n.d.-a).

San Marino

San Marino is an enclaved microstate within the Italian peninsula and one of the world's oldest republics. Its legal system follows a civil law tradition shaped by Roman doctrine and contemporary European practice. The jurisdiction acceded to the Cape Town Convention and Aircraft Protocol in 2015, adopting Article XI Alternative A with a 60-day waiting period, along with Articles 54(2) and XIII (UNIDROIT, n.d.-c). Its ICAO USOAP EI score of 81.9/100 is calculated across seven components, given the absence of domestic aerodromes (ICAO, n.d.-b). San Marino presents a WGI composite score of 88.14/100, is listed by the EU as cooperative for tax purposes (World Bank Group, n.d.; Council of the European Union, 2025), and holds an FAA Category 1 rating (FAA, 2025).

Aircraft with a maximum takeoff weight exceeding 5,700 kg qualify for a 0% Monofase rate (the jurisdiction's single-stage turnover tax) on import, removing VAT exposure for most business jets (SMAR, n.d.-b). The corporate income tax rate is 17%, with a reduced rate of 8.5% available to qualifying new companies for their first five years (Coletto, 2024). SPVs with international operations routinely face no local tax on lease payments, loan repayments, or aircraft transfers (Beccari & Podeschi, 2016). The jurisdiction also imposes no capital gains, inheritance, or wealth taxes (Gatti, n.d.). As a non-OECD member, San Marino is not required to implement Pillar II; however, the jurisdiction has participated in initiatives such as the STTR MLI (Deloitte, 2025). An S&P rating of BBB+ indicates moderate but reliable credit strength (Consulate of the Republic of San Marino to the United Kingdom, 2025).

The San Marino Aircraft Registry (SMAR) is designed for speed, confidentiality, and flexibility. Registrations are typically completed in approximately 7 days, with 24/7 access for owners, operators, and lessors (SMAR, n.d.-a; Alcock, 2012). The jurisdiction supports 8 of the 13 recognized ownership vehicles, including S.p.A. (traditional limited companies) and S.r.l. (limited liability companies), while excluding PCCs, ICCs, unlimited companies, LPs, LLPs. The register is not public, and ownership is commonly arranged through corporate vehicles, nominee structures, or layered holding strategies. Aircraft carry neutral "T7-" registration marks, well-suited to operators working in politically sensitive environments. Although the registry has operated for just 14 years, it has established a reputation for efficient processing and protection of client privacy (Lewin, 2025).

Cayman Islands

Located in the western Caribbean Sea, the Cayman Islands rank among the most established offshore financial centers in the world. Its legal system is grounded in English common law and supplemented by local legislation. In 2015, the UK extended the Cape Town Convention and Aircraft Protocol to the Cayman Islands, with declarations under Article XI Alternative A (60-day waiting period), Article 54(2), and Article XIII (UNIDROIT, n.d.-d). Aviation oversight operates under delegated authority from the UK, allowing Cayman to share the United Kingdom's ICAO USOAP EI score of 94.15/100 (ICAO, n.d.-b). The jurisdiction holds FAA Category 1 status and applies the UK Overseas Territories Aviation Requirements (OTARs), widely regarded as among the highest safety standards in the industry (FAA, 2025; CAACI, n.d.-b). Governance quality is evidenced by a WGI composite score of 80.72/100 and EU recognition as a tax-cooperative jurisdiction (World Bank Group, n.d.; Council of the European Union, 2025).

Cayman's competitive position is built on a long tradition of tax neutrality. The jurisdiction imposes no VAT, corporate income tax, personal income tax, wealth tax, capital gains tax, or withholding tax on aircraft structures (PwC, 2025a). Import duty is applied to permanent importation at rates of 22-27%, while temporary admission, the standard for business jets, typically qualifies for relief or a complete waiver (Arman et al., 2023). Stamp duty on aviation documentation is minimal (~$610), and aviation SPVs may obtain 20-year tax exemption certificates (Santangeli, 2024; Finnigan et al., 2021). Cayman has not announced the domestic implementation of Pillar II and maintains a neutral position (PwC, 2026). Moody's Aa3 rating confirms a resilient macroeconomic environment (Moody's, 2025a).

The jurisdiction supports 12 of the 13 assessed ownership options, including Segregated Portfolio Companies (SPCs) and the bespoke STAR trust regime for asset holding, while excluding Exempt/IBC (Finnigan et al., 2021). The Civil Aviation Authority of the Cayman Islands (CAACI) has operated the registry for 39 years, combining traditional oversight with digital systems, including the VP-C online platform (Lewin, 2025). Standard registration typically takes 3 to 6 weeks (CAACI, n.d.-a). The registry is not publicly searchable, though CAACI publishes an annual list of registered aircraft and owners. Neutral "VP-C" marks, combined with trusts, SPVs, and layered ownership structures, provide a moderate level of confidentiality.

Aruba

Aruba lies just off the northern coast of South America and follows Aruban civil law derived from Dutch principles. As the first offshore registry, Aruba acceded to the Cape Town Convention and Aircraft Protocol in 2010 by extension from the Netherlands, adopting Articles 54(2) and XIII (UNIDROIT, n.d.-b). It did not adopt Article XI, leaving insolvency and enforcement procedures to domestic law under the *Faillissements-Verordening* (Bankruptcy Ordinance) and subject to judicial discretion, thereby creating less predictability for creditors than in Alternative A jurisdictions. Aruba does not possess an independent ICAO USOAP EI

score; consequently, the Netherlands' score of 79.53/100 is used as a proxy (ICAO, n.d.-b). Governance quality is evidenced by a WGI composite score of 83.21/100 and recognition on the EU list of tax-cooperative jurisdictions (World Bank Group, n.d.; Council of the European Union, 2025). Aruba holds FAA Category 1 status and meets ICAO standards (FAA, 2025).

While Aruba is not generally a tax-free jurisdiction, it provides extensive aviation-related relief. VAT, income tax, insurance premium tax, transfer duties, import duties, stamp duty, capital gains, inheritance, and wealth taxes can all be reduced to zero (Registry of Aruba, n.d.-b; Offshore Protection, 2025). Corporate and withholding taxes may also be minimized or eliminated through domiciliation for international operators (Registry of Aruba, n.d.-b). While Aruba is not a formal member of the OECD, it is a member of the OECD/G20 Inclusive Framework and is not currently implementing the Pillar II global minimum tax rules. Moody's rates the macroeconomy at Baa3 (Moody's, 2024a).

Structuring flexibility is moderate but targeted. Aruba supports 8 of the 13 ownership vehicles examined, including V.B.A.s (limited liability companies), N.V.s (corporations), and *stichtingen* (foundations), while Exempt/IBCs, PCCs, ICCs, unlimited companies, and LLPs are unavailable. Aircraft registrations are processed within 1-2 days, with 24/7 client support (AIC Jets Corporation, n.d.-a; Aviation Registry Group, n.d.). With neutral "P4-" marks and 31 years of operational history, Aruba is one of the most agile jurisdictions for time-sensitive transactions (Registry of Aruba, n.d.-a). Aruba operates a dual registry system: the Nationality Register and Title Register, the latter maintained by the Land and Mortgage Registry, are both public by law, though not publicly searchable online. Confidentiality is instead preserved through the neutral mark and the use of Aruba Exempt Companies and other corporate vehicles to hold proprietary rights.

Bermuda

Bermuda is situated in the North Atlantic and follows English and Welsh common law. It acceded to the Cape Town Convention and Aircraft Protocol through the UK's extension in 2018, adopting Article XI Alternative A with a 60-day waiting period, Article 54(2), and Article XIII (UNIDROIT, n.d.-d). As with the Cayman Islands, aviation oversight is delegated from the United Kingdom, and Bermuda falls within the UK's ICAO USOAP EI score of 94.15/100 (ICAO, n.d.-b). The jurisdiction holds a WGI composite score of 82.87/100, EU recognition as cooperative on tax matters (World Bank Group, n.d.; Council of the European Union, 2025), FAA Category 1 status, and compliance with OTARs (FAA, 2025; BCAA, n.d.-b).

Recent policy changes have challenged Bermuda's longstanding tradition of tax neutrality. However, VAT, personal income tax, capital gains tax, inheritance tax, and wealth tax generally do not apply to aviation structures, and aircraft sales, leases, and financings can still be executed on a tax-neutral basis for non-local residents (PwC, 2025d; Piney & Wilson, 2024). Tax exposure is more likely to arise from stamp duty or import-related rules on domestic transactions (Piney, 2019). In response to the OECD Pillar II, Bermuda passed the Corporate Income Tax Act, effective in 2025, introducing a 15% corporate income tax on MNEs with annual revenues exceeding EUR 750 million (PwC, 2025c). Tax assurance certificates still provide comfort to

groups outside this scope, and Moody's A2 rating indicates favorable credit quality (Moody's, 2024b).

Bermuda supports 10 of the 13 ownership vehicles identified, including exempted companies, segregated accounts companies (protected cell companies), and incorporated segregated accounts companies (incorporated cell companies), while Exempt/IBCs, unlimited companies, and LLPs are unavailable (Mclean & Atherden, 2020). With 95 years of operational history, Bermuda's aircraft registry is among the oldest in the world (Lewin, 2025). The Bermuda Civil Aviation Authority (BCAA) maintains offices in Bermuda, London, and Beijing, providing cross-time-zone coverage through extended business hours rather than a 24/7 service (BCAA, n.d.-a). Typical registration timelines range from 28 to 42 days (AIC Jets Corporation, n.d.-b). Although the registry is partially searchable, confidentiality is preserved through trusts, nominee ownership, SPVs, and layered structures. Neutral "VP-" or "VQ-" registration marks, combined with the absence of publicly disclosed beneficial ownership information, continue to appeal to private individuals and corporate operators.

Guernsey

Situated in the English Channel between the United Kingdom and France, Guernsey is a Channel Island with a legal system rooted in Norman customary law and influenced by English common law and French legal traditions. The jurisdiction participates in the Cape Town Convention and Aircraft Protocol through UK extension, adopting Article XI Alternative A with a 60-day waiting period, Article 54(2), and Article XIII (UNIDROIT, n.d.-d). As with other Crown Dependencies, aviation oversight is part of the UK's SSP, placing Guernsey within the UK's overall ICAO USOAP EI score of 94.15/100 (ICAO, n.d.-b). Governance quality closely aligns with UK standards, as reflected in a proxy WGI composite score of 84.89/100, and the EU considers Guernsey cooperative on tax matters (World Bank Group, n.d.; Council of the European Union, 2025). The 2-REG registry is ICAO-compliant and complies with applicable FAA and EASA regulations (2-REG, n.d.-b).

In Guernsey, VAT does not apply to aircraft transactions, and aircraft ownership companies typically pay 0% personal income tax, with no withholding, capital gains, wealth, inheritance, insurance premium tax, stamp duty, or import duty in standard aviation structures (PwC, 2025e; Oceanskies, n.d.; Huxtable, 2014). The general corporate tax rate for non-regulated activities is also 0%. Under Pillar II, Guernsey has implemented both the IIR and QDMTT for large multinationals (PwC, 2026). Credit strength is evidenced by an S&P rating of A+ (Standard & Poor's Global Ratings, 2024).

Guernsey supports 12 of the 13 ownership vehicles, excluding only Exempt/IBCs, making it one of the most structurally flexible jurisdictions in the sample. The 2-REG aircraft registry, established in 2013, has quickly earned a reputation for transactional efficiency, completing standard aircraft registrations within 1-2 business days and providing 24/7 support on request (Walkers Global, 2022; 2-REG, n.d.-a). Confidentiality is maintained through trusts, nominee ownership, SPVs, and layered corporate structures, with beneficial ownership information not publicly released. Aircraft carry neutral "2-" registration marks.