



HM Revenue
& Customs

Freeport tax site reliefs: provision about regulations

Who is likely to be affected

Businesses who intend to incur expenditure on land, non-residential structures and buildings and plant and machinery within Freeport tax sites from the date the Freeport tax site is designated until 30 September 2026.

General description of the measure

This measure will make amendments to the existing powers contained within the legislation for tax reliefs available in Freeport tax sites. These reliefs are the enhanced structure and buildings allowance (SBA), enhanced capital allowance for plant and machinery (ECA) and Stamp Duty Land Tax (SDLT) relief.

The amendments will allow updated provisions to be made in secondary legislation for eligibility and administration.

Policy objective

The measure is designed to amend existing Freeport tax site relief powers to ensure those powers can be used as intended originally to change the conditions for the reliefs.

Background to the measure

On 10 February 2020, the government published a consultation to outline its plan to introduce Freeports in the United Kingdom, following its departure from the European Union.

Freeports are a flagship government programme that will play an important part in the UK's post-Covid economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment and prosperity across the United Kingdom.

The government published a consultation response on 7 October 2020, which provided initial detail of the tax reliefs intended to encourage new investment in Freeports. This was followed by publication on 16 November 2020 of a Freeport bidding prospectus for England, which included details of the tax reliefs to be offered in Great Britain.

On 3 March 2021, the government announced the locations of the eight successful bids for English Freeports, along with further plans to introduce those in Northern Ireland, Scotland and Wales as soon as possible.

The first English Freeport tax sites were designated with effect from 19 November 2021 with further English Freeport tax sites designated with effect from 30 December 2021. The remaining English Freeport tax sites are expected to be designated at a later date.

Detailed proposal

Operative date

The measure will have operative effect from the date of Royal Assent to the Finance Bill 2021-22.

Current law

SDLT relief for Freeports is in Schedule 6C to the Finance Act 2003.

Enhanced SBA in Freeports is in Part 2A of the Capital Allowances Act 2001.

ECA in Freeports is in Part 2 of the Capital Allowances Act 2001.

Proposed revisions

The measure amends and adds to the existing powers to allow provision to be made in secondary legislation withdrawing and recovering the relief if the conditions are not met.

Summary of impacts

Exchequer impact (£m)

2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027
Nil	Nil	Nil	Nil	Nil	Nil

This measure is not expected to have an exchequer impact.

Economic impact

This measure is not expected to have any significant economic impacts.

The terms used in this section are defined in line with the Office for Budget Responsibility's indirect effects process. This will apply where, for example, a measure affects inflation or growth. You can request further details regarding this measure at the email address listed below.

Impact on individuals, households and families

There is expected to be no direct impact on individuals as this measure only affects businesses. This measure is not expected to impact on family formation, stability or breakdown.

Equalities impacts

It is not anticipated that there will be impacts for those groups sharing protected characteristics.

Impact on business including civil society organisations

This measure will have a negligible impact on businesses incurring qualifying expenditure on land, structures, buildings, plant and machinery in Freeport tax sites. One off costs will include familiarisation with the conditions of the relief. There are not expected to be any further one off or continuing costs as the measure makes amendments to the existing powers.

This measure is not expected to impact civil society organisations.

Customer experience is expected to remain broadly the same as the change does not alter how businesses interact with HMRC.

Operational impact (£m) (HMRC or other)

There are no operational impacts on HMRC to deliver this change.

Other impacts

Other impacts have been considered and none has been identified.

Monitoring and evaluation

This measure will be kept under review through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Ian Woodrow on Telephone: 03000 589538 or email: ian.woodrow@hmrc.gov.uk.

Declaration

The Rt Hon Lucy Frazer QC MP, Financial Secretary to the Treasury, has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.