



HM Revenue  
& Customs

# HMRC Investment Zones information pack

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# Investment Zones overview

# What are Investment Zones?

The Investment Zones programme, launched at Spring Budget 2023, gives areas a £160 million envelope to catalyse local growth and investment.

Local government and research institutions will be able to select from a flexible menu of interventions, including the tax offer, when designing their Investment Zone proposal.

There will be eight Investment Zones in England, two in Scotland, and two in Wales. Each Investment Zone will be able to benefit from access to interventions of £160 million over ten years, extended from £80 million over five years as announced at the 2023 Autumn Statement, which can be used flexibly between spending and a single ten-year tax offer identical to that in Freeports, scalable based on number of sites. If a place chooses not to take up tax reliefs, they will have a larger spending envelope available to them.

As part of the package agreed to restore the Northern Ireland Executive, the government will work with the Executive to establish a £150m Enhanced Investment Zone for Northern Ireland.

# Where are the UK Investment Zones?

Eight Mayoral Combined Authorities have been selected to host an Investment Zone in England:

- South Yorkshire
- West Yorkshire
- Liverpool City Region
- Greater Manchester
- West Midlands
- East Midlands
- North East
- Tees Valley

Two Regional Economic Partnerships (REPs) have been selected to host Investment Zones within their regions in Scotland: Glasgow City Region and the North East (Aberdeen and Aberdeenshire).

Two Corporate Joint Committees (CJCs) have been selected to host two Investment Zones in Wales: Cardiff and Newport (South East Wales) and Wrexham and Flintshire (North East Wales).

Details on the Enhanced Investment Zone in Northern Ireland will be published once available. For more information on the proposed policy approach, see the [Northern Ireland Enhanced Investment Zone policy prospectus](#).

# Investment Zone special tax sites

Investment Zone special tax sites are defined areas where business can take advantage of a range of tax reliefs. Each Investment Zone can have up to three designated tax sites.

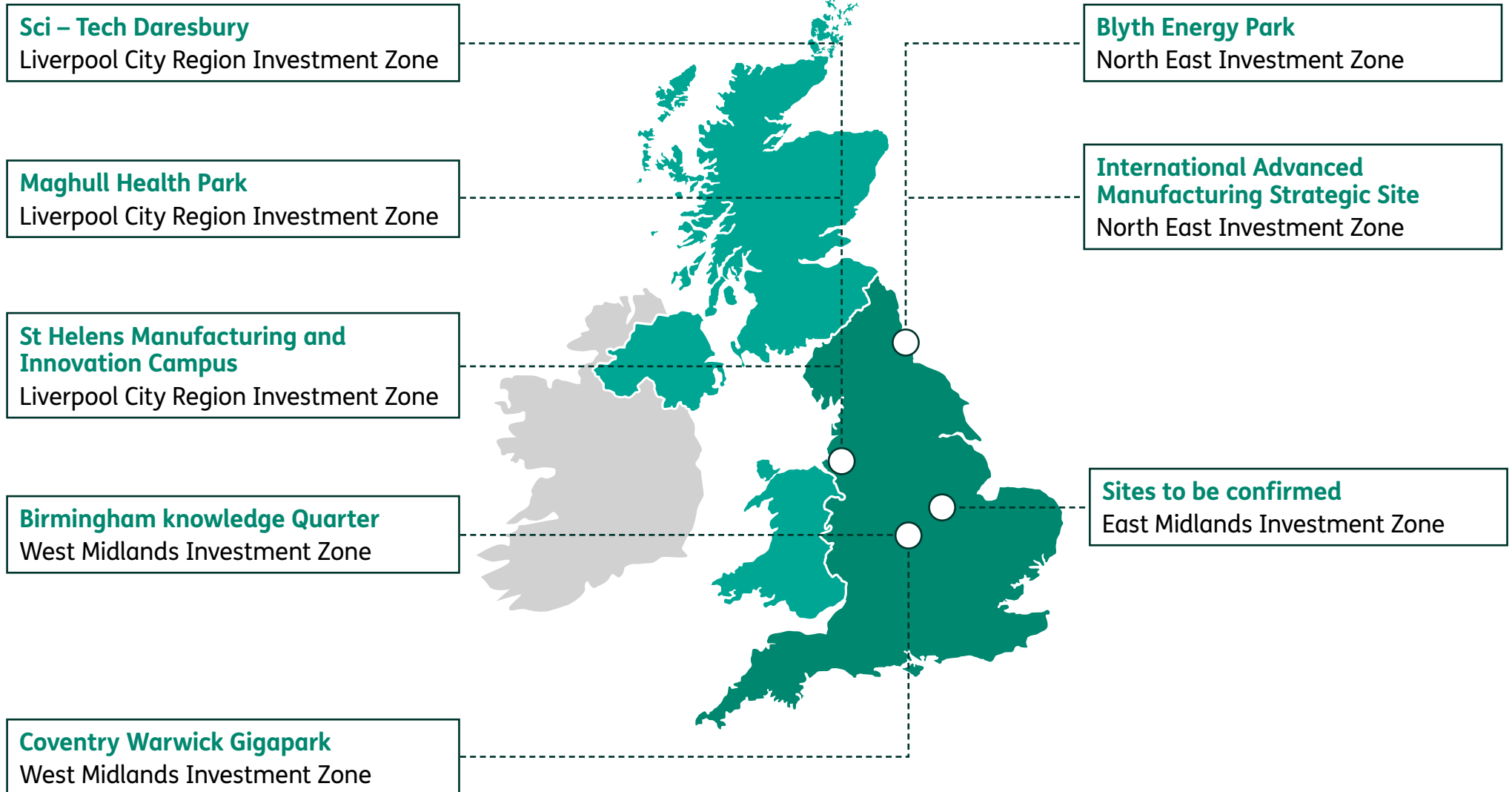
Investment Zone special tax sites need to meet certain criteria, demonstrating that the sites are underdeveloped as the tax reliefs are designed to encourage new activity and land development.

Not all Investment Zones will include special tax sites. Currently, four Investment Zones in England have opted to have special tax sites;

- **North-East**
- **West Midlands**
- **Liverpool City Region**
- ***East Midlands (subject to government agreement and parliamentary approval)***

You can find maps of the Investment Zone tax sites which are designated on [GOV.UK](https://www.gov.uk).

# Investment Zone special tax sites



# Investment Zones tax reliefs



# What are Investment Zone tax reliefs?

Eligible businesses in Investment Zone special tax sites will be eligible to claim a range of tax reliefs, including enhanced capital allowances for expenditure on plant and machinery, enhanced structures and buildings allowance and relief from employer National Insurance contributions (NICs) for new employees.

Relief is also available on Stamp Duty Land Tax in Investment Zones in England. As some tax reliefs are devolved in Scotland and Wales, the Scottish Government proposes to offer a specific relief for Land and Buildings Transaction Tax in Scottish Investment Zones which will require legislation to be laid. The Welsh Government proposes to offer a specific Land Transaction Tax (LTT) for Investment Zones in Wales, which will also require legislation to be laid.

In addition, the local authorities hosting the Investment Zone tax sites will offer discretionary relief on business rates, or non-domestic rates, to further reduce the cost of businesses locating there.

**The Investment Zones tax offer is only available in a designated Investment Zone special tax site.  
Not all Investment Zones will include special tax sites.**

To find out if your business is eligible to claim tax reliefs in an Investment Zone special tax site, please see the relevant guidance on GOV.UK. There are links to guidance for the direct tax reliefs on [page 16](#).

# Investment Zone tax reliefs – UK

Eligible employers with a business premises in an Investment Zone special tax site can apply a **zero rate of secondary Class 1 National Insurance contributions** on the earnings of eligible new employees who are expected to spend 60% or more of their working time in the tax site. This rate can be applied on the earnings of all eligible new employees, up to £25,000 per year, for 36 months per employee.

This relief will be available for ten years, until September 2034\*, in designated special tax sites across England, Scotland and Wales for eligible hires and employers can claim the relief for 36 months in respect of eligible employees hired within this ten-year period. For more information see the GOV.UK guidance on [claiming National Insurance relief in special tax sites](#).

**Enhanced structures and buildings allowances** are available to firms constructing or renovating structures and buildings for non-residential use in an Investment Zone special tax site. This allowance is based on the existing structures and buildings allowance but will give relief at a higher rate of 10% compared to the existing national rate of 3%. You can claim 10% of the Investment Zone qualifying expenditure each year if you meet all the required conditions, for up to ten years from the allowance period start date.

This relief will be available for investment made during the ten-year period, until September 2034\*, in designated special tax sites across England, Scotland and Wales. For more information see the GOV.UK guidance on [claiming enhanced structures and buildings allowance relief in special tax sites](#).

**Enhanced capital allowances** are available for companies investing in qualifying new plant and machinery assets. This allowance is a 100% enhanced capital allowance (also known as a first-year allowance) for plant or machinery primarily for use in an Investment Zone special tax site.

This relief will be available for ten years, until September 2034\*, in designated special tax sites across England, Scotland and Wales. For more information see the GOV.UK guidance on [claiming enhanced capital allowances allowance relief in special tax sites](#).

**Full business rates or non-domestic rates relief** will be available to eligible new business within an Investment Zone special tax site, and certain existing businesses where they expand. It will apply for five years from the point at which the beneficiary first receives relief and can be first claimed from the date tax site designation takes effect until September 2034\*.

\* Subject to legislation being laid

# Investment Zone tax reliefs – devolved

**Stamp Duty Land Tax (SDLT)** relief is available when buying any land or buildings in Investment Zone special tax sites in England, subject to it being acquired and used for qualifying commercial purchases.

You can claim full relief from SDLT on the total purchase price if at least 90% of the purchase price is for qualifying land or buildings. If less than 90% of the purchase price is for qualifying land or buildings, you can claim relief on the portion of the SDLT for the land or buildings which qualify, so long as the price for the qualifying land or buildings is 10% or more of the total price. You can't claim any relief if less than 10% of the total purchase price is for qualifying land or buildings.

This relief will be available for ten years, until September 2034\*, in designated special tax sites across England. For more information see the GOV.UK guidance on [claiming SDLT relief in special tax sites](#).

The Scottish Government proposes to offer a specific relief for **Land and Buildings Transaction Tax (LBTT)** for certain qualifying non- residential transactions involving land and buildings in Investment Zone special tax sites in Scotland.

Legislation to provide for this is required to be laid before the Scottish Parliament and subsequently approved before any relief can be made available. As such, the timing for this is subject to confirmation.

Further details on the Scottish Government's proposals will be provided in due course, but for planning purposes the expectation is that any relief would be available for a period of ten\* years. The details of relief may differ from the SDLT relief, based on the specifics of the Scottish approach.

The Welsh Government proposes to offer a specific **Land Transaction Tax (LTT)** relief on relevant land transactions within Investment Zone special tax sites in Wales where that property is to be used for qualifying commercial activity.

Legislation to provide for this is required to be laid before the Senedd and subsequently approved before any relief can be made available. As such, the timing for this is subject to confirmation.

Further details on the Welsh Government's proposals will be provided in due course, but for planning purposes the UK Government's relief for its equivalent tax is available for a period of up to ten\* years.

\* Subject to legislation being laid

# Special tax site benefit examples

The following are examples of how the tax site benefits might apply in different scenarios.

## Example 1 – Purchasing land and constructing a building:

A business pays £800,000 for land wholly within an Investment Zone special tax site but £200,000 (25%) of the amount paid relates to land that is not intended to be used in a qualifying way. This means that 75% is paid for Investment Zone land that is to be used in a qualifying way. The Stamp Duty Land Tax is reduced by 75% of the total tax due for the whole purchase.

The business then builds a warehouse on the part of the land wholly within the special tax site at a cost of £900,000. All contracts for construction were entered into after the date the Investment Zone special tax site was designated, the warehouse is completed and brought into non-residential use in March 2025. The business can then claim enhanced structures and buildings allowances at 10%.

## Example 2 – Purchasing new plant and machinery:

A business purchases new plant and machinery costing £300,000 in March 2025. It's installed as integral features in a new warehouse, the construction of which was completed on 22 March 2025. The warehouse was situated in an Investment Zone special tax site at the time the plant and machinery were purchased.

The business prepares accounts for each year ending on 31 March. In the chargeable period to 31 March 2025, they can claim the enhanced capital allowance for the entire cost of this plant and machinery (£300,000).

## Example 3 – National Insurance contributions:

A business hires ten new employees in March 2025. They are all expected to spend some of their time working in its new warehouse, located in an Investment Zone special tax site. The employees are split into two groups:

Group A – Five of the staff are expected to spend half of their time (50%) working in the new warehouse, and the other half at another location outside of the tax site. They will each earn £20,000 per year.

Group B – The other five are expected to spend all of their time working in the tax site, and each earn £30,000 per year.

The business **cannot** apply a zero rate of secondary Class 1 National Insurance contributions (NICs) for Group A as they don't expect to spend at least 60% of their time in the tax site.

The business **can** apply a zero rate of secondary Class 1 NICs for Group B for the first 36 months of employment, but only on earnings up to £25,000 per tax year for each employee.

# How to claim Investment Zone tax reliefs

The following outlines how each of the direct tax reliefs will be claimed – for more information see GOV.UK:

- Stamp Duty Land Tax relief can be claimed through submitting a land transaction return within 14 days of the transaction
- Employer National Insurance contributions relief can be claimed by applying the relevant National Insurance contributions category letter when running payroll
- Enhanced capital allowance relief can be claimed through a deduction from your profits through either your Partnership Tax Return, if you're a partner, or Company Tax Return if you're a limited company
- Enhanced structures and buildings allowance relief can be claimed through either your Partnership Tax Return, if you're a partner, Company Tax Return, if you're a limited company, or Self Assessment tax return for sole traders
- Business rates or non-domestic rates relief can be claimed from the relevant local authority.

Further information

# Questions and answers

## What is the difference between Investment Zones and Freeports?

While Investment Zones and Freeports belong to the same broad policy family, there are some clear and important differences between the programmes:

- Freeports have a focus on brownfield regeneration within port areas and their hinterlands, leveraging the UK's world-class port infrastructure and a special customs procedure to attract trade-orientated investment.
- Investment Zones focus on nurturing established or emerging clusters across five priority sectors and are centred on research institutions with the aim of boosting R&D and innovation. There is no customs element to the Investment Zones offer.

## Are the tax reliefs in Investment Zones and Freeports different?

The government will offer the same tax reliefs in both Investment Zones and Freeports to help ensure the two programmes work coherently.

## Can I claim tax reliefs in any Investment Zone?

No, you can only claim the tax reliefs within a designated Investment Zone special tax site.

Currently, four Investment Zones in England have opted to have tax sites; North East Mayoral Combined Authority, West Midlands, Liverpool City Region and East Midlands (subject to agreement).

## How long are the tax reliefs available?

As announced at Autumn Statement 2023, the window to claim Investment Zone tax reliefs will be extended from five to ten years in England. At Spring Budget 2024, it was confirmed that Investment Zones will also be extended from five to ten years in Scotland and Wales.

Following this extension, the eligibility criteria of the Investment Zone tax reliefs will remain unchanged.

## Further questions

For general HMRC Investment Zone queries you can contact [investmentzonesprogramme@hmrc.gov.uk](mailto:investmentzonesprogramme@hmrc.gov.uk)

For wider Investment Zone queries please contact the Department for Levelling Up, Housing and Communities.

# Guidance links

For general information on Investment Zones please visit the [Department for Levelling Up, Housing and Communities \(DLUHC\)](#)

The following guidance pages set out how to claim the tax reliefs in special tax sites:

- [Check if you can claim relief from Stamp Duty Land Tax in Freeport or Investment Zone special tax sites](#)  
– applies to tax sites in English Freeports or Investment Zones
- [Check if you can claim National Insurance relief in Freeport or Investment Zone special tax sites](#)
- [Check if you can claim the enhanced capital allowance relief in Freeport or Investment Zone special tax sites](#)
- [Check if you can claim enhanced structures and buildings allowance relief in Freeport or Investment Zone special tax sites](#)