



HM Revenue  
& Customs

UK Freeports

# HMRC UK Freeports Induction Pack

This pack contains information for potential Freeport customs site operators, including:

- the benefits of operating a business in a Freeport customs site
- how to apply for the relevant authorisations
- the benefits available in a Freeports tax site.

Any references to a Freeport throughout this document also applies to Green Freeports in Scotland unless otherwise stated.

If you require this document in Welsh, please contact [hmrctfreeports@hmrc.gov.uk](mailto:hmrctfreeports@hmrc.gov.uk)

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# What are UK Freeports?

Freeports are special areas in the UK's borders where different economic regulations apply. They're centred around one or more ports or airports but can extend up to 45km beyond the port. There's [an overview of the tax and customs offer in Freeports](#) on HMRC's YouTube channel.

Any references to a Freeport throughout this document also apply to Green Freeports in Scotland unless otherwise stated.

## Customs sites

A Freeport customs site (also known as a 'free zone') is a secure, enclosed customs zone where some normal tax and customs rules don't apply.

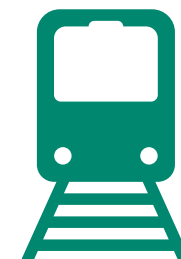
Authorised businesses can import certain goods to a Freeport customs site with simplified customs documentation, and without paying tariffs. A customs site can't be used as a first point of presentation of goods brought into the UK.

Authorised businesses operating inside the Freeport customs site can store or manufacture goods, using imported goods. By doing this, they can add value before exporting them again and, where certain conditions are met, they won't need to pay import or excise duties. Where goods are declared to free circulation (home use) in the UK, relevant duties must be paid before they are released from the customs site. Domestic goods can also be held in a customs site and used in any processing activity.

## Tax sites

Each Freeport has up to three designated tax sites. Tax sites are independent and separately authorised from Freeport customs sites, but they can cover the same area of land.

Eligible businesses in Freeport tax sites can benefit from a range of tax incentives. This includes enhanced capital allowances and employer National Insurance contributions for new employees. Relief is also available on Stamp Duty Land Tax in Freeports in England, Land and Buildings Transaction Tax in Green Freeports in Scotland and Land Transaction Tax in Wales. Eligible new businesses moving into a Freeport tax site, and some existing businesses that expand, will also benefit from full business rates relief in England and full Non-Domestic Rates Relief in Scotland and Wales.



# Where are UK Freeports located?



- 1 East Midlands Freeport
- 2 Freeport East
- 3 Humber Freeport
- 4 Liverpool City Region Freeport
- 5 Plymouth and South Devon Freeport
- 6 Solent Freeport
- 7 Teesside Freeport
- 8 Thames Freeport
- 9 Forth Green Freeport
- 10 Inverness and Cromarty Firth Green Freeport
- 11 Anglesey Freeport
- 12 Celtic Freeport

# Freeport customs offer

# The customs offer

Each Freeport customs site is run by a customs site operator. Authorised businesses within the customs site can take advantage of the Freeport customs benefits. The number and size of the customs sites available will vary at each Freeport.

Some customs sites will contain multiple businesses, helping create hubs for trade. Others will be mainly used by the customs site operator, who acts as both the operator and the authorised business. A customs site must have at least one business using the site to store or process goods under their authorisation.

Businesses authorised by HMRC and operating inside designated customs sites in the Freeport can store or process imported goods. They can then export them or declare them for free circulation (home use) in the UK. Many movements to and from the customs site will benefit from simplified customs procedures.

## What are the benefits?

- Authorisation – Permits storage and processing activities in a Freeport customs site under one combined Freeport customs special procedure, instead of multiple authorisations.
- Imports – Under the Freeport procedure an authorised businesses can make a simplified declaration for non-controlled goods using form C21. Duty can be suspended on imports into a customs site.
- Exports – Duty exemption is available on goods being re-exported from a Freeport customs site.
- Free circulation – For goods being released into free circulation, authorised businesses can instead benefit from flexibility on how duty is calculated when goods have been processed within the customs site.
- Movement between customs sites – There is a simplified process for moving most goods between customs sites with duty remaining suspended, including customs sites at other UK Freeports, using a declaration by conduct.
- Storage and processing – Goods under the Freeport customs special procedure can be moved between storage and processing without additional declarations. Goods can also be stored under duty suspension within a Freeport customs site until needed.

To take advantage of these benefits, goods will normally need to be located in a Freeport customs site.

# The customs offer

## What are the requirements?

The customs site operator, who [must be authorised by HMRC](#), provides physical and IT infrastructure to control goods entering and leaving their customs site. For example, they maintain records of goods entering and leaving the site. By providing infrastructure customs site operators can attract new businesses by making it easier for them to engage in activities on the customs site. Businesses interested in becoming a customs site operator should first speak to the Freeport operator. See 'Useful contacts' on [page 27](#) for details.

Businesses who want to access the customs benefits must [apply to HMRC to use the Freeport customs special procedure](#) once they have a provisional agreement in place with the customs site operator. They are responsible for notifying the customs site operator of movements into and out of the Freeport and [making the necessary declarations](#). They will also need to maintain records of their Freeport operations.

# Customs site benefits

## Importing goods into a Freeport customs site

Simplified import declarations:

- A **simplified declaration** for non-controlled goods to the Freeport customs special procedure at the port using form C21
- Movement from the port ITSF to ETSF at the Freeport customs site via Internal Movements in Temporary Storage (iMiTS) to make a declaration “by conduct”<sup>\*</sup> for non-controlled goods into the site
- No supplementary declarations needed for goods declared to the Freeport procedure.

Duty suspension – No import or excise duties to be paid on non-GB goods brought into a Freeport customs site until they enter GB domestic market.

Suspension of import VAT and zero-rating for eligible supplies of goods and related services in the customs site.

Ability for an authorised Freeport business to move non-controlled goods from another special procedure to the new Freeport procedure using declaration “by conduct.”<sup>\*</sup>

## Goods held within a Freeport customs site

Goods under the Freeport customs special procedure may move between processing and storage under that procedure and without a separate declaration.

Movement between customs sites, with duty remaining suspended, using a declaration “by conduct”<sup>\*</sup> for non-controlled goods, rather than having to use transit or complete a declaration digitally.

Businesses can operate their existing special procedures in a Freeport customs site under their Special Procedure authorisation such as Customs Warehousing and Inward Processing – they’ll need to comply with both the general Freeport rules, e.g. record keeping, and the rules relating to their Special Procedure authorisation.

## Exporting goods from a Freeport customs site

Flexibility on how duty is calculated – When declaring non UK goods stored or processed in the Freeport to the GB market, authorised businesses can calculate import duties based on the value of inputs or the finished product – whichever is most beneficial to the business. The exception are goods subject to trade measures such as anti-dumping duties, in which case duties are calculated on inputs to avoid circumvention, or excise goods.

Duty exemption for re-exports – Unless subject to duty drawback clauses under the relevant Free Trade Agreement, no import duty paid.

Simplified export – Normal export declaration requirement waived, with only either a safety and security (S&S) declaration or an onward export notification needed.

<sup>\*</sup>Declaration “by conduct” : Where the physical movement of goods constitutes the declaration, supported by record keeping requirements and notification to customs site operator. Declarations by conduct cannot be undertaken for controlled goods (which include excise goods)



# Customs site operating models

The following are some examples of potential operating models in a customs site. This is not intended as an exhaustive list but provides a guide as to the types of activity that can take place in a customs site. More detailed examples of how businesses can benefit from locating within a UK Freeport can be found on [GOV.UK](https://www.gov.uk).

## **Example 1 –**

### **Processing non-excise goods:**

A customs site includes a processing facility. Goods are imported and brought into the customs site where they are stored until required. The goods can be moved between storage and processing within the same authorised business under the Freeport procedure and without a separate declaration.

Following processing, the outputs are then split. Some are exported and some put to domestic use.

For the domestic use goods the business opts to account for duty based on the lower duty rate applicable to the finished product, rather than the higher duty rate applicable to the imported materials.

Where exported, the goods may be exempted from relevant import duties.

This makes use of duty suspension, duty exemption on re-exports, and flexibility on how duty is calculated via one combined Freeport customs special procedure.

## **Example 2 –**

### **Creating a hub for trade:**

A customs site includes a large area of land with multiple plots within it which are owned by the customs site operator. These plots could be used for storage, manufacturing or a combination of both.

They are then made available to businesses who, once authorised to use the Freeport customs special procedure, can make use of the benefits and infrastructure available in the customs site. For example, simplified movement between the businesses on site, to create a hub for trade.

If the site was also a designated tax site, there would be additional benefits available when purchasing or developing properties in the site.

## **Example 3 –**

### **Storage of non-excise goods:**

A customs site provides storage facilities for manufacturing or construction works.

Goods are imported into the customs site, where they are held under duty suspension until required and then removed from the customs site.

This could include moving some of the goods to another customs site under declaration by conduct, where they could be used in manufacturing, while other goods could be released into free circulation.

# Customs site operating models

There are some additional points to be aware of in a Freeport customs site:

## First point of presentation

Freeport customs sites can't be used as a first point of presentation of goods brought into the UK. Any business bringing goods into the UK must first present their goods to customs, in a way specified by the port approval. This is because goods must be cleared by customs before they can be moved to a Freeport customs site.

Goods can be moved directly to the Freeport customs site from the vessel where it has already been confirmed that they have been cleared by customs.

## Unopened container storage

A model where containers being moved under the Freeport customs special procedure, or another special procedure, are stored unopened in Freeport customs sites will not be approved. Containers arriving at a Freeport customs site must be opened, goods checked, and any discrepancies noted and reported to HMRC. This is to reduce security risks and identify and report any differences between the goods deposited and the goods declared.

## Unused customs sites

Customs sites will need to prove that they have, or intend to have, at least one authorised Freeport business using the site in a reasonable timeframe following designation. This is usually within twelve months from the date of designation but an extension may be agreed in some circumstances, for example if significant construction is required that will create a large number of jobs or enable innovation practices. The business should be keeping goods that have been declared to the Freeport procedure. As part of the authorisation process, a potential customs site operator will need to confirm their expected timescale for becoming operational. A model with no clear plans to bring businesses into the site won't be approved. This is to make sure that Freeports are meeting their obligations outlined in their original bids, and making use of the customs benefits available.

A Freeport customs site operator can also be approved as a Freeport business.

# How to operate in a Freeport customs site

Once you've submitted the relevant form, you'll be assigned a contact in HMRC to work with you throughout the authorisations process.

## **If you want to become a customs site operator**

You'll need the relevant authorisations before the customs site can be approved.

**Pages 12 to 15** set out the things you'll need to do to be authorised as a customs site operator.

## **If you want to be authorised as a Freeport business**

Each customs sites will need at least one authorised business using the site to import chargeable goods for processing or storage under the Freeport customs special procedure. Some customs sites will have multiple businesses under a single customs site operator.

**Pages 16 to 18** set out the things you'll need to do to be authorised as a business to use the Freeport customs special procedure.

## **If you intend to act as both the customs site operator and the Freeport business**

You'll need to apply for both authorisations.

# Becoming a customs site operator – Before you apply

Before you apply to become a customs site operator, you need to understand what this will mean for your business and what you will be required to provide as part of the authorisation process. The following checklist outlines the key points you need to consider before you submit a registration of interest (ROI)\* to HMRC. You should:

- Review the [Freeports guidance](#) available on GOV.UK, in particular the pages on [operating a Freeport customs site](#) and meeting [Authorised Economic Operator standards](#) to familiarise yourself with the benefits and requirements of becoming a customs site operator.
- Speak to the operator of the wider Freeport and seek agreement to becoming a customs site operator within the Freeport.
- Decide what land you intend to use as the customs site. You will need to ensure that the area is appropriately secured in order to meet the authorisation requirements, for example being fenced on all sides with secure entry and exit points. You'll need to provide HMRC with maps on a scale of 1:1250, which show that the site is enclosed with clearly marked entry and exit points.
- Ensure you get an [EORI number](#) if you don't have one already.
- Set out a clear written overview of your operating model including; proposed business model, type of goods that will be stored and/or manufactured within the customs site and how you plan to meet the requirements to be designated as a Freeport customs site operator.
- You'll need to provide documented procedures for how you will handle security and record keeping and the type of goods to be handled in the customs site. Even if your site will not be operational until authorised, you must be able to clearly outline how these processes will work as HMRC will need to assure these in order for you to be authorised as a customs site operator. If you do not have the expertise within your business to draft these documents, consider whether you need to seek support from a third party to help you.
- Confirm that you have, or intend to have, at least one authorised business moving goods into or out of the customs site. The business doesn't need to be located on site at the time the application is submitted, but HMRC need evidence that at least one business will start operations in a reasonable time frame. This is usually within twelve months from the date of designation, but an extension may be agreed in some circumstances. The customs site operator can also be approved as a Freeport business.
- Ensure you can provide evidence that your company is financially solvent. HMRC will check the financial records of your business covering the last three years or may ask for alternative evidence if you've been trading for less than three years.

\*Once you've submitted an online [registration of interest](#), you'll be assigned a dedicated contact in HMRC who will support you throughout the authorisations process.

# Becoming a customs site operator – How to apply

## Register an interest

You can [use the online form to register an interest](#).

Once you've submitted a registration of interest, you'll be assigned a contact in HMRC. They'll work with you throughout the authorisations process. You'll need to reach an agreement with the Freeport before HMRC can begin the formal authorisation process.

The registration of interest is not a binding process. You can withdraw after the initial discussions with HMRC, if you decide it's not right for you. If, following initial discussions, it is evident that you will be unable to meet the necessary requirements in a reasonable timescale you may be advised to withdraw your interest and re-apply at a later date.

## Obtain Authorised Economic Operator (AEO) or equivalent authorisation

Prior to designation, a customs site operator must, as a minimum, hold Authorised Economic Operator Security and Safety (AEO(S)) authorisation or be able to meet the equivalent standard for the proposed customs site.

### If you already hold AEO(S) authorisation

You'll need to start the change of circumstances process to extend your authorisation to include the Freeport customs site. HMRC will help you through this process.

HMRC may carry out a full reassessment of your AEO authorisation when you submit the change of circumstances notification if, for example, you are approaching a point where your authorisation would need to be reassessed as part of regular monitoring.

### If you don't hold AEO status

You can apply for either:

- Authorised Economic Operator Full (AEO(F)) or AEO(S) authorisation, both of which will apply to your whole business entity
- the Freeport Safety and Security authorisation, which requires you to meet AEO(S) standards at a site-specific level.

You should choose the option which best suits your business needs.

To become a customs site operator you first need to submit a registration of interest, and should not apply directly for AEO status.

# Becoming a customs site operator - The authorisation process

## Information required

Before HMRC grant authorisation, either AEO(S) or confirming you meet the equivalent standard at a site level, you'll need to provide them with information so that they can carry out checks. This includes:

- Documented procedures relating to your business and the site. For example, how you'll meet your responsibilities for site security and maintaining records about goods moving in, around and out of the site. Your procedures should:
  - make clear how you intend to implement and manage them
  - be specific to your business arrangements – generic statements won't be accepted
  - confirm who is responsible, either at an individual level or, where not identified, at job role level
  - include what you'll do if something goes wrong, and who will be responsible for reporting issues to HMRC or other relevant authorities.
- A copy of your risk and threat assessment, demonstrating that you've considered specific risks for your site. This applies even if your site is not currently operational
- Written agreements, if you're using a separate security provider or other third-party contractor. The agreement should include responsibilities for building inspection, maintenance and reporting
- Evidence of how current staff will make sure standards are met in new customs site. In addition to background checks for new staff, if you use an external HR provider your agreement must make sure checks are all to the same level.

This list is not exhaustive but covers the most common types of information requested. You can [read more about the checks HMRC will carry out](#).

## What will the authorisation process cover?

HMRC will evaluate the effectiveness of the procedures and measures you'll take to cover relevant risks. As part of this, HMRC will:

- meet with you, usually virtually, to discuss the information on your application in more detail
- visit the site to inspect the physical premises and discuss your IT arrangements.

In order for your application to progress effectively, you must make sure the relevant people are available to deal with any HMRC enquiries.

The controls and measures you need to meet to obtain AEO authorisation or the Freeport alternative are in addition to legal health and safety requirements, as well as any specific legal requirements that may be applicable to your business.

# Becoming a customs site operator – Additional authorisations

You may also need to apply for additional authorisations, depending on your proposed operating model. However, there is no requirement to have these in place in order for the customs site to be designated.

## Transit

If you're planning to use transit to bring goods into, or take goods out of, your Freeport customs site on behalf of a business, you'll also need to apply for transit simplifications, consignor or consignee status. This will allow you to start or end a transit movement at your Freeport customs site.

For more information see the guidance on [using common or union transit to move goods into, through and out of the UK](#).

## Temporary storage

If you're planning to move goods to an external temporary storage facility (ETSF) at your Freeport customs site, so that a business can make a declaration by conduct to the Freeport customs special procedure, you'll need to apply for separate external temporary storage at your location.

You'll also need to meet the requirements for moving goods to the ETSF, using internal movement in temporary storage (iMiTS).

For more information see the guidance on [applying to operate a temporary storage facility](#), and [how to manage a temporary storage facility](#).

# Operating a business in a customs site

Businesses who want to move non-domestic goods into or out of a customs site can either use the Freeport customs special procedure or existing customs special procedures. Only an authorised Freeport business can declare goods to the Freeport customs special procedure for storage or processing.

You can apply to use the Freeport customs special procedure (a single authorisation combined with easier declaration requirements) to import goods that are not controlled for:

- processing and then export or for sale in the UK
- storage and then export or for sale in the UK.

## Controlled goods

Since April 2022 the Freeport customs special procedure has covered controlled goods in addition to non-controlled goods.

Find out more about what [goods you can move into a Freeport customs site](#).

## Goods subject to Excise duty

Excise goods can be stored within the special procedure in a warehouse authorised to store excise goods. As excise goods are also controlled goods many of the simplifications available to non-controlled goods are not available to excise goods, such as declaration by conduct.

## Using an existing special procedure authorisation

If you want to use an existing customs special procedure, the usual conditions of your existing authorisation will apply. You'll also need to comply with the general Freeport customs site record keeping rules. You may also need to tell HMRC about any changes to your authorisation. For example, if the customs site is going to be a new processing or storage location.

## Domestic goods

Businesses keeping domestic goods will need to follow the customs site record keeping rules. The customs site operator must be told about any planned arrivals of domestic goods, before they enter the customs site. The business will need to show the status of goods (domestic or Freeport customs special procedure) in their own records. Before removing any domestic goods, the business will need to tell the customs site operator and provide evidence that the goods are domestic and eligible for removal.



# Using the Freeport customs special procedure – How to apply

In order to move goods into or out of a customs site using the Freeport customs special procedure, you'll need to apply to use the Freeport customs special procedure. Find out more about what you need to do to [get your business ready to use a Freeport customs site](#).

## Before you apply

A business must be established in the UK in order to declare goods to the Freeport customs special procedure.

However, businesses not established in the UK can make arrangements with a UK established Freeport business to move their goods into the Freeport. The UK established Freeport business is responsible for the goods and outstanding duties while they are in the Freeport, regardless of their ownership.

Before applying, you should discuss your intentions and reach an agreement with the operator of the customs site.

The customs site will need to be designated before you can begin to use the Freeport customs special procedure. If you are applying to be authorised as both the customs site operator and to use the Freeport customs special procedure, you can progress both applications at the same time but will need to wait for the customs site to be designated before finalising the Freeport customs special procedure authorisation.

## Apply to use the Freeport customs special procedure

You can apply by submitting [the online form](#).

To help with completing your application you'll need:

- your EORI number – [apply for an EORI number](#) if you don't have one already
- information about the business, including the address, company registration number and contact details
- the PAYE Scheme Reference, if you have one
- the UTR (Unique Taxpayer Reference).

If you want to discuss your potential application, or you'd like guidance for completing the application form, please email [freeportbusinessapplications@hmrc.gov.uk](mailto:freeportbusinessapplications@hmrc.gov.uk).

# Using the Freeport customs special procedure – The authorisation process

HMRC will review your application and will meet with you virtually, to discuss the information you have submitted. They will also conduct a site visit to inspect your premises, and an HMRC computer specialist may attend your premises to discuss your IT arrangements.

The purpose of this pre-authorisation contact is to make sure that you can comply fully with the requirements of the procedure. It will also give you an opportunity to ask questions.

You may be asked to provide or discuss information, including:

- The goods to be stored or processed – this will include commodity codes, description, origin and expected quantities of goods you expect to declare into the Freeport procedure. HMRC may also want details about your suppliers, purchase contracts, how the goods are valued and the origin of the goods
- The supply chain, including how the goods are moved from the supplier to your premises, and who will make customs declarations on your behalf
- What records you intend to keep, in what format, IT systems, access to records and record keeping responsibilities in your business
- How you plan to communicate and share relevant information with the customs site operator
- If applicable, what processing activity you intend to undertake, changes to product and commodity codes and, if you're using both storage and processing elements of the procedure, how you intend to record movement around your business premises
- Your arrangements for the security and control of goods, including stock records and reporting errors to the relevant authorities, along with any site-specific security arrangements
- The removal of goods from the Freeport procedure.

Once authorised, you'll get a letter that sets out the authorisation conditions. This includes paying Customs Duty and other charges, and keeping detailed records.

# Freeport tax offer

# What is the tax offer?

Eligible businesses in Freeport tax sites will enjoy a range of tax incentives, such as enhanced capital allowances and relief from employer National Insurance contributions (NICs) for new employees. Relief is also available on Stamp Duty Land Tax in Freeports in England, and Land and Buildings Transaction Tax in Green Freeports in Scotland.

These tax reliefs are designed to encourage the maximum number of businesses to open, expand and invest in Freeports which in turn will boost employment.

The Freeports tax offer is only available in a designated Freeport tax site. Tax sites are independent and separately authorised from Freeport customs sites, but can cover the same area of land.

You can [find out more online about the location of these sites](#).

If you would like to know more about a specific tax site, you should speak to the Freeport operator.

## How do I claim the reliefs?

For information on how to claim the Freeport tax reliefs please see the following guidance:

- [Stamp Duty Land Tax \(available in Freeports in England\)](#)
- [Enhanced capital allowances](#)
- [Enhanced structures and buildings allowance](#)
- [National Insurance](#)
- [Land and Buildings Transaction Tax \(available in Green Freeports in Scotland\)](#)
- [Land Transaction Tax for professionals](#)

## Tax site benefits – UK tax reliefs

Eligible employers with a business premises in a Freeport tax site will be able to apply a **zero-rate of secondary Class 1 National Insurance contributions** on the earnings of new eligible employees who spend 60% or more of their working time in the tax site.

This rate can be applied on the earnings of all new eligible employees, up to the [Freeport and Investment Zone Upper Secondary Threshold](#), for 36 months per employee.

This relief is available where the conditions are met between 6 April 2022 and 30 September 2031 in England or 30 September 2034 in Scotland and Wales, for the full 36-month period.

**Enhanced structures and buildings allowances** are available to firms constructing or renovating structures and buildings for non-residential use in a Freeport 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%.

This relief will be available where the conditions are met between the date tax site designation takes effect and 30 September 2031 in England, or 30 September 2034 in Scotland and Wales.

**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 a Freeport tax site.

This relief will be available for qualifying expenditure incurred between from the date tax site designation takes effect and 30 September 2031 in England, or 30 September 2034 in Scotland and Wales.

**Full business rates relief in England and full non-domestic rates relief in Scotland and Wales** may be available to eligible new business within a Freeport 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 30 September 2031 in England. This means that if a business first received relief on 30 September 2031, the relief may be applied until 29 September 2036.

The expectation is that any relief could be claimed until 30 September 2034 in Scotland and Wales.

# Tax site benefits – devolved tax reliefs

**Freeports in England Stamp Duty Land Tax (SDLT)** relief is available for certain qualifying purchases of land and buildings in **Freeport tax sites in England**.

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. SDLT relief will be available from the date tax site designation takes effect, until 30 September 2031.

## **Green Freeports in Scotland**

Land and Buildings Transaction Tax (LBTT) is available for eligible transactions relating to land in designated Green Freeport tax sites.

You can claim full relief from LBTT on the total purchase price if at least 90% of the purchase price is for qualifying land. If less than 90% of the purchase price is for qualifying land, you can claim partial LBTT relief, so long as the price for the qualifying land 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.

It is expected that LBTT relief will be available from the date tax site designation takes effect, until 30 September 2034.

Revenue Scotland is responsible for the collection and management of LBTT.

## **Freeports in Wales**

Land Transaction Tax (LTT) is available for eligible transactions relating to land in designated special tax sites. You can claim full relief from LTT on the total purchase price if at least 90% of the purchase price is for qualifying land within the designated site. There is no relief for land outside the designated sites.

If less than 90% of the purchase price is for qualifying land within the designated site, you can claim partial LTT relief, so long as the price for the qualifying land 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.

## Tax site benefits – devolved tax reliefs

The LTT relief is available until 30 September 2029 and will be extended to 30 September 2034 subject to a review of the success of the freeport sites.

The Welsh Revenue Authority is responsible for the collection and management of LTT.

# Tax site benefit examples

The following are examples of how the tax site benefits might apply in different scenarios. These are just a guide and are not an exhaustive list.

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

A business pays £800,000 for land wholly within an English Freeport 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 Freeport 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 factory on the part of the land wholly within the tax site at a cost of £900,000. All contracts for construction were entered into after the date the Freeport tax site was designated, the warehouse is completed and brought into non-residential use in March 2024. 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 2024. It's installed as integral features in a new factory, the construction of which was completed on 22 March 2024. The factory was situated in a Freeport 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 2024, 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 10 new employees in March 2024. They will all spend some of their time working in it's new factory, located in a Freeport tax site. The employees are split into two groups:

Group A – Five of the staff will spend half of their time (50%) working in the new factory, 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 will 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 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, but only on earnings over the secondary Class 1 NICs threshold and up to £25,000 per year of each employee's salary per year.



## Further information

# Guidance links

More information on UK Freeports can be found on [GOV.UK](https://www.gov.uk).

## Customs:

- [Check if your goods can be moved into a Freeport customs site](#)
- [Apply to be a Freeport customs site operator](#)
- [Declaring goods and paying tax when using a Freeport customs site](#)
- [Apply to use the Freeport customs special procedure](#)
- [Processing or storing similar goods to replace Freeport customs special procedure goods](#)
- [Get your business ready to use a Freeport customs site](#)
- [Operating a Freeport customs site](#)
- [Moving processed or repaired goods into free circulation or re-exporting them](#)
- [Storing, processing or producing excise goods in a UK Freeport customs site](#)

## Tax:

- [Check if you can claim National Insurance relief in Freeport tax sites](#)
- [Check if you can claim the enhanced capital allowance relief in Freeport tax sites](#)
- [Check if you can claim enhanced structures and buildings allowance relief in Freeport tax sites](#)
- [Check if you can claim relief from Stamp Duty Land Tax in Freeport tax sites \(applies to tax sites in English Freeports\)](#)
- [Check if you can claim relief from Land and Buildings Transaction Tax \(applies to tax sites in Scottish Green Freeports\)](#)
- [Land Transaction Tax special tax site relief: technical guidance \(applies to tax sites in Welsh Freeports\)](#)

## Business rates – Business rates relief:

- [Freeports relief](#)

# Legislation links

The key legislation which supports the UK Freeports offer can be found below:

- [Finance Act 2021 \(legislation.gov.uk\)](#)
- [The Free Zones \(Customs, Excise and Value Added Tax\) Regulations 2021 \(legislation.gov.uk\)](#)
- [Taxation \(Cross-border Trade\) Act 2018 \(legislation.gov.uk\)](#)
- [The Customs \(Import Duty\) \(EU Exit\) Regulations 2018 \(legislation.gov.uk\)](#)
- [The Customs \(Export\) \(EU Exit\) Regulations 2019 \(legislation.gov.uk\)](#)
- [The Customs Transit Procedures \(EU Exit\) Regulations 2018 \(legislation.gov.uk\)](#)
- [The Customs \(Special Procedures and Outward Processing\) \(EU Exit\) Regulations 2018 \(legislation.gov.uk\)](#)
- [National Insurance Contributions Act 2022](#)
- [The Special Tax Sites \(Applicable Sunset Date\) Regulations 2024](#)

# Useful contacts

Contact details for UK Freeports:

- East Midlands Freeport [emfreeport.com](http://emfreeport.com)
- Freeport East [freeporteast.com](http://freeporteast.com)
- Humber Freeport [humberfreeport.org](http://humberfreeport.org)
- Liverpool City Region Freeport [liverpoolcityregion-ca.gov.uk/freeport](http://liverpoolcityregion-ca.gov.uk/freeport)
- Plymouth and South Devon Freeport [plymouth.gov.uk/plymouthandsouthdevonfreezone](http://plymouth.gov.uk/plymouthandsouthdevonfreezone)
- Solent Freeport [solentfreeport.com](http://solentfreeport.com)
- Teesside Freeport [teessidefreeport.com](http://teessidefreeport.com)
- Thames Freeport [thamesfreeport.com](http://thamesfreeport.com)
- Forth Green Freeport [forthgreenfreeport.com](http://forthgreenfreeport.com)
- Inverness and Cromarty Firth Green Freeport [greenfreeport.scot/](http://greenfreeport.scot/)
- Anglesey Freeport [angleseyfreeport.co.uk](http://angleseyfreeport.co.uk)
- Celtic Freeport [celticfreeport.wales](http://celticfreeport.wales)

For customs site operator or business authorisation queries, contact [freeportgeneralenquiries@hmrc.gov.uk](mailto:freeportgeneralenquiries@hmrc.gov.uk).

For general HMRC Freeport queries (if published guidance hasn't answered your question) you can contact [hmrcfreeports@hmrc.gov.uk](mailto:hmrcfreeports@hmrc.gov.uk).

For questions specifically related to Green Freeports in Scotland and the devolved tax reliefs in Scotland, contact [greenfreeports@gov.scot](mailto:greenfreeports@gov.scot).

# Questions and answers

HMRC has developed a Q&A pack for Freeports, customs site operators and businesses.

If you'd like a copy of the pack please email [hmrctfreeports@hmrc.gov.uk](mailto:hmrctfreeports@hmrc.gov.uk).

The pack covers:

- the Freeport tax offer, including Stamp Duty Land Tax relief in England, enhanced capital allowances, enhanced structures and buildings allowances and National Insurance contributions, as well as tax site designation
- the Freeport customs offer, including; site designation, authorisations, movement of goods, and safety and security declarations
- compliance
- State Aid
- VAT.