

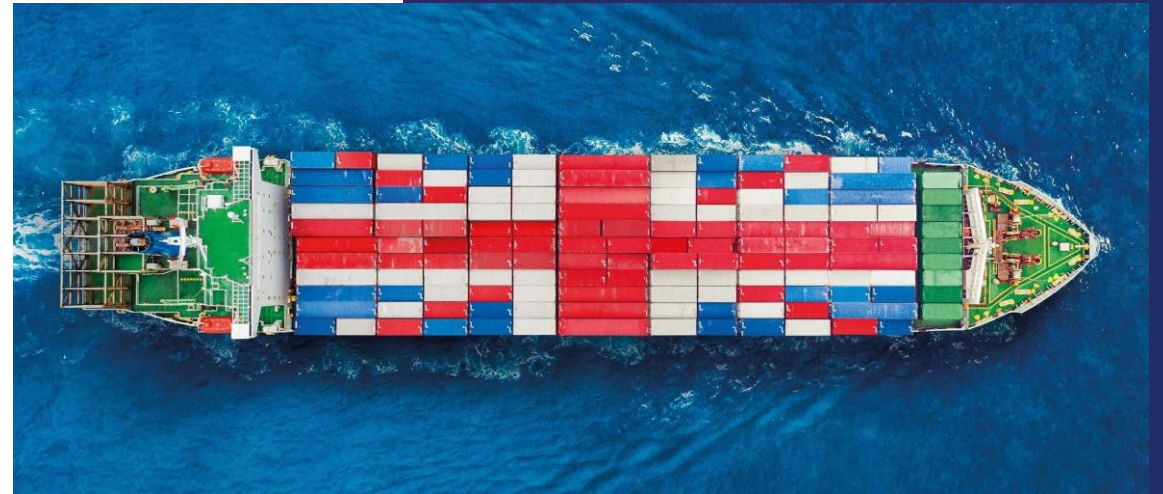


UK Freeports

Tax and Customs information guide

Guidance to support Freeport engagement with prospective investors and explain the Freeports tax and customs incentives.

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



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This information guide is designed to help Freeports when responding to initial queries from interested businesses; either directly, or via a suitably skilled consultant, to ensure full understanding of the benefits and requirements for locating within a Freeport.

HM Revenue and Customs (HMRC) has produced a number of supplementary guidance products to complement existing GOV.UK guidance, which should help:

- ✓ Explain the customs offer in a clear and concise way, including a comparison with existing customs special procedures
- ✓ Ensure businesses understand their requirements ahead of applying to become a customs site operator or Freeport business
- ✓ Highlight Freeport tax and customs benefits using indicative customer journeys across different business sectors
- ✓ Summarise the process for claiming Freeport tax reliefs
- ✓ Support Freeport conversations with interested businesses.



Freeports

To attract investment and encourage businesses to locate within their respective locations; answering relevant questions using information and guidance provided by government stakeholders.

The Freeport has a key role to play in securing customs business authorisations; providing endorsement to all applications prior to HMRC authorisation, as well as considering the risk of business displacement from surrounding areas.

HM Revenue and Customs (HMRC)

To answer policy or technical questions from Freeports in relation to tax or customs which are not covered in existing guidance.

HMRC has an established process to support customs site operators and businesses wishing to use the Freeport customs special procedure. Once a business has submitted an application, they will be assigned a dedicated point of contact to support them throughout the authorisations process.

Currently, a dedicated Freeport project team is in place to support Freeport through tailored engagement and can be contacted at hmrctfreeports@hmrc.gov.uk.

Department for Business & Trade (DBT)

To support Freeports in implementing their trade and investment strategies, including by maximising international promotion of UK Freeports through DBT's international networks and providing a range of additional support to Freeport investment projects, from initial enquiry through to landing.

Freeports Hub

Provides independent, strategic advice to Freeports and government through dedicated Freeport Relationship Managers. The Freeports Hub does not provide direct, one-to-one commercial or financial advice to Freeports under the Freeports Hub contract.



The following provides a high level summary of the tax and customs benefits. For a more detailed description of the benefits available, please see the [Freeports Induction Pack](#)

Tax site benefits

Eligible businesses in Freeport tax sites can benefit from a range of tax incentives including:

- Enhanced structures and buildings allowances for constructing or renovating structures and buildings
- Enhanced capital allowances for qualifying new plant and machinery assets
- A zero rate of secondary Class 1 National Insurance contributions on the earnings of new employees who spend 60% or more of their working time in the tax site

Relief is also available on Stamp Duty Land Tax in Freeports in England, with a similar relief proposed in Scottish and Welsh Freeport tax sites on Land and Buildings Transaction Tax and Land Transaction Tax respectively.

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.

Customs site benefits

Businesses authorised by HMRC and operating inside designated customs sites in the Freeport can store or process imported goods.

Under the Freeport customs special procedure they can benefit from:

- Access to duty suspension, duty exemption on re-exports and flexibility on how duty is calculated
- Movement of goods between processing and storage under that procedure and without a separate declaration and, unlike inward processing, a bill of discharge is not required
- Streamlined processes for bringing goods into Freeport customs sites, as well as moving them between customs sites (under duty suspension), and exporting them
- Storage of goods beyond the 90 days allowable under temporary storage

To become a customs site operator, a business will need to apply for Authorised Economic Operator Security and Safety (AEOS) authorisation or be able to meet the equivalent standard for the proposed customs site. [Authorised Economic Operator status](#) is an internationally recognised quality mark.

General enquiries about tax and customs sites



The [YouTube video 'What are Freeports?'](#) will provide a simple introduction to the topic.
The [Freeports GOV.UK landing page](#) will provide further information.



The [Freeports induction](#) pack then provides a more detailed guide to the benefits available in tax and customs sites, as well as how to apply for the relevant customs authorisations. Alongside this, the [Freeport business examples](#) and [Freeports recorded webinar](#) can be used to help demonstrate how the Freeport benefits might apply to different businesses.
In addition, DBT can offer a range of specialist advice on sector opportunities and the UK business environment for prospective investors

Becoming a Customs Site Operator (CSO)



The business should read the guidance on [operating a customs site](#), and how to [apply to become a CSO](#), so they understand the requirements and responsibilities of the CSO role.
The CSO checklist and 'how to' guide provides more information on the application process.



Once they are ready to apply, the business should follow the guidance for [applying to be a CSO](#), and submit a registration of interest to HMRC.
They will then be assigned a dedicated contact within HMRC to support them through the authorisation process.

Using the Freeport customs special procedure



The business should read the guidance on [getting ready to use a customs site](#), and on [declaring goods and paying tax when using a customs site](#).
If applicable, they should also read the guidance on [storing, processing or producing excise goods in a customs site](#).



Once they are ready to apply, the business should follow the guidance for [applying to use the Freeport customs special procedure](#).
They will then be assigned a dedicated contact within HMRC to support them through the authorisation process.

Locating in a tax site



Depending on their circumstances, businesses locating in a tax site should refer to the relevant guidance:

- If buying or leasing property (in England) check if they can [claim relief from Stamp Duty Land Tax](#)
- If constructing or renovating structures for non-residential use check if they can [claim enhanced structures and buildings allowance relief](#)
- If buying plant and machinery for use on site, check if they can claim [enhanced capital allowance relief](#)
- If employing new staff, spending at least 60% of their time on site, check if they can [claim National Insurance relief](#)

'What are Freeports?' YouTube video

- Short, introductory video explaining the purpose of Freeports and their locations across the UK
- A high-level summary of the available tax reliefs and customs benefits



'What are Freeports?' YouTube video

HMRC Freeport business examples

- A series of ten examples of how businesses can benefit from locating within a Freeport
- The examples focus on businesses locating within a customs site, but some also cover the tax site benefits

Business example 1

Customer information:
Business A is a health food company that imports specialist raw material food ingredients for nutritional meal replacement and health drinks.

Current position:
The raw materials (including beans, nuts and other powdered items) are sea freight, and the containers are transported by road to the business. The ingredients are processed into sport, health and food supplements and packed in a temperature controlled warehouse.

Future position:
Business A have decided to relocate and are wanting a new facility in a Freeport for site in England which includes space for both processing and storage so that they can benefit from the tax relief to help them expand. They have chosen this location as it also sits within a Freeport customs site for a customs site operator.

Freeport business:
They have purchased a factory production and packaging facility with a temperature controlled storage.

Business size:
Small-medium enterprise

Mode:
Sea

The business will need to apply for a single authorisation to use the Freeport customs special procedure, rather than seeking authorisation for both inward processing relief and customs warehousing.

Relevant Delta checks and phyto-sanitary certificate requirements will still apply where appropriate.

Business example 1
Sea and customs user journey and associated reliefs and benefits.

Customs user journey:

1. Sea agreement with customs site operator to locate in Freeport customs site.
2. Apply to HMRC for authorisation to use Freeport customs special procedure.
3. New equipment can be brought into the UK and delivered to the Freeport by sea. The equipment can be used for processing and storage. Products would require a phyto-sanitary certificate.
4. Goods can be stored in the Freeport for up to 12 months.

Reliefs and benefits:

- Inward processing relief (IPR) - allows goods to be imported into the Freeport for processing and storage, without needing a separate declaration and under 'border' immunity, a bill of discharge is not required.
- Goods can be stored in the Freeport for up to 12 months.
- Cash flow benefits - 'Roll over' (HMRC) and 'Roll over' (HMRC) - allows goods to be imported into the Freeport for processing and storage, without needing a separate declaration and under 'border' immunity, a bill of discharge is not required.

Freeport business examples

HMRC UK Freeports induction pack

- Outlines the benefits of operating in a Freeport customs site, as well as Freeport tax benefits, and what a business needs to provide and can expect from HMRC throughout the authorisation application process

Customs site benefits

Benefits unique to the Freeports customs offer:

- Inward processing reliefs
- A simplified declaration for non-certified goods to the Freeport procedure of the port using Form C1, available to authorised Freeport business only.
- Approved for the port (IPR) by HMRC for the Freeport system.
- An 'Approved Declaration' by HMRC to change HMRC to make a declaration 'by contract' and the UK.
- An supplementary declaration needed to goods imported to the Freeport procedure.

Benefits of the Freeports customs offer also available through existing special procedures:

- Inward processing relief (IPR) - allows goods to be imported into the Freeport for processing and storage, without needing a separate declaration and under 'border' immunity, a bill of discharge is not required.
- Goods can be stored in the Freeport for up to 12 months.
- Cash flow benefits - 'Roll over' (HMRC) and 'Roll over' (HMRC) - allows goods to be imported into the Freeport for processing and storage, without needing a separate declaration and under 'border' immunity, a bill of discharge is not required.

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 buys 100,000 sq ft of land and constructs a building. A business pays 100,000 for land and 100,000 for construction. The total cost is 200,000. The business can claim a 20% relief on the cost of the building, which is 40,000. The business can also claim a 20% relief on the cost of the land, which is 20,000. The total relief is 60,000. The business can also claim a 20% relief on the cost of the land, which is 20,000. The total relief is 80,000.

Example 2 - Purchasing machinery:
A business buys 10 new pieces of machinery for 100,000. The business can claim a 20% relief on the cost of the machinery, which is 20,000. The business can also claim a 20% relief on the cost of the machinery, which is 20,000. The total relief is 40,000.

Example 3 - National insurance contributions:
A business has 10 new employees in March 2021. They will all spend some of their time working in the new warehouse, 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 warehouse, and the other half at another location outside of the tax site. They will each claim 50% of the relief on their wages.
Group B - The other five will spend all of their time (100%) working in the tax site, and each claim 100% of the relief on their wages.
The business cannot apply a 20% rate of relief on the wages of the employees who spend all of their time working in the tax site, but they can claim a 50% rate of relief on the wages of the employees who spend half of their time working in the tax site.

HMRC UK Freeports induction pack

HMRC Freeports recorded webinar

- A recording that talks through the possible tax and customs benefits for two different businesses
- Created to visualise the business examples, clearly outlining the benefits throughout the customer journey



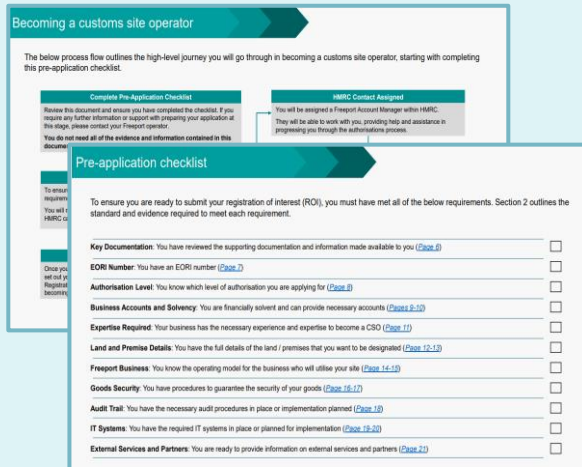
Benefits for Business D by locating in a Freeport

- Moving items from storage to processing without a declaration has given an admin saving
- Unlike when they were using Inward Processing - a bill of discharge is not required

HMRC Freeports recorded webinar

Customs Site Operator (CSO) checklist and ‘how to’ guide

- A guide to the customs site operator application process, including background information and a clear list of requirements
- Includes a pre-application checklist, ensuring readiness ahead of registration of interest submission to HMRC



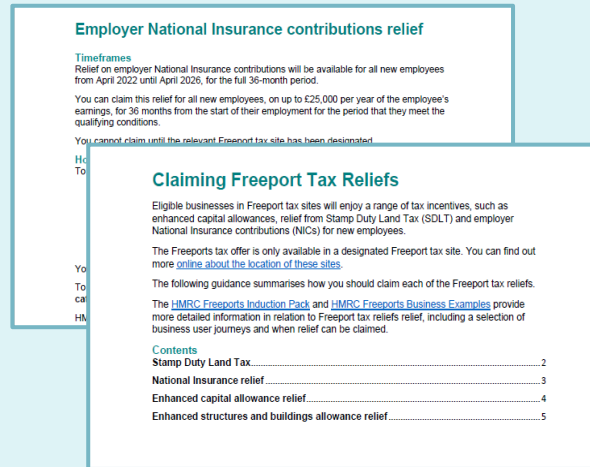
Click the icon for access to the guide



CSO Applicants
How To Guide

How to claim Freeport tax reliefs

- A summary of how businesses can claim each of the four direct tax reliefs available in an English Freeport
- Information is based on the guidance available on GOV.UK



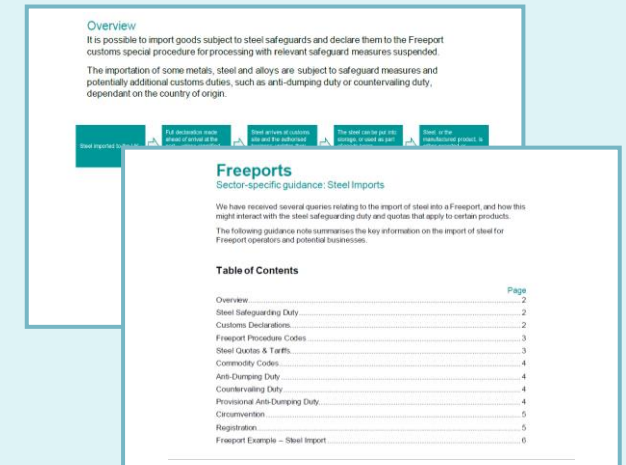
Click the icon for access to further information



Claiming tax
reliefs

Freeports sector-specific guidance: Steel

- A guidance note summarising the key information on the import of steel for Freeport operators and potential businesses
- Includes information on topics such as quotas, safeguarding duty and customs declarations



Click the icon for access to further information



Sector Specific
Guidance on Steel

GOV.UK tax and customs guidance

General information and guidance on UK Freeports can be found on the [Freeports GOV.UK homepage](#). An overview of UK Freeports for investors can be found on the [UK Investment Atlas](#).

Operating a **customs** site

- [Operating a UK Freeport customs site - GOV.UK \(www.gov.uk\)](#)
- [Apply to be a UK Freeport customs site operator - GOV.UK \(www.gov.uk\)](#)

Moving goods under the Freeport **customs** special procedure

- [Get your business ready to use a UK Freeport customs site - GOV.UK \(www.gov.uk\)](#)
- [Apply to use the UK Freeport customs special procedure - GOV.UK \(www.gov.uk\)](#)
- [Declaring goods and paying tax when using a UK Freeport customs site - GOV.UK \(www.gov.uk\)](#)
- [Storing, processing or producing excise goods in a UK Freeport customs site - GOV.UK \(www.gov.uk\)](#)

Locating within a designated Freeports **tax** site and guidance on claiming the available tax reliefs

- [Check if you can claim the enhanced capital allowance relief in UK Freeport tax sites - GOV.UK \(www.gov.uk\)](#)
- [Check if you can claim enhanced structures and buildings allowance relief in UK Freeport tax sites - GOV.UK \(www.gov.uk\)](#)
- [Check if you can claim National Insurance relief in UK Freeport tax sites - GOV.UK \(www.gov.uk\)](#)
- [Check if you can claim relief from Stamp Duty Land Tax in a Freeport tax site in England - GOV.UK \(www.gov.uk\)](#)

In addition, HMRC has developed a Q&A pack for Freeports which is available on request. If you'd like a copy of the pack, please email hmrctfreeports@hmrc.gov.uk

Freeport Contact Details

England Freeports

East Midlands

www.emfreeport.com

Freeport East

www.freeporteast.com

Humber

www.humberfreeport.org

Liverpool City Region

www.liverpoolcityregion-ca.gov.uk/freeport

Plymouth and South Devon

www.pasdfreeport.com

Solent

www.solentfreeport.com

Teesside

www.teessidefreeport.com

Thames

www.thamesfreeport.com

Scotland Green Freeports

Forth

www.forthgreenfreeport.com

Inverness and Cromarty Firth

www.opportunitycromartyfirth.co.uk

Wales Freeports

Anglesey

www.angleseyfreeport.co.uk

Celtic

www.celticfreeport.wales

Government

DLUHC

UKFreeports@levellingup.gov.uk

HMRC

hmrcfreeports@hmrc.gov.uk

DBT

freeports@trade.gov.uk

