



Llywodraeth Cymru
Welsh Government

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Freeports: non-domestic rates relief

Non-domestic rates relief policy for designated 'tax sites' in Freeports

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Introduction

The **Freeport Programme in Wales: bidding prospectus** sets out a non-domestic rates relief policy for designated 'tax sites' in Freeports. Businesses will be eligible for up to 100% Freeports rates relief on certain properties and property improvements within these tax sites. The intention is for this relief to support new and existing businesses when they expand into new or unused space.

The relief will be available for up to five years from the point at which the beneficiary becomes eligible for Freeports rates relief. Eligible businesses will be able to apply to the relevant local authority to access this relief. It must be applied for by 31 March 2034. Any applications made after this date will not be eligible for any Freeport rates relief.

This guidance is intended to support local authorities in administering Freeports rates relief. It does not replace any existing non-domestic rates legislation.

Enquiries about this guidance should be sent to: LocalTaxationPolicy@gov.wales.

How will the relief be provided?

The Welsh Government is not changing the legislation relating to non-domestic rates reliefs. Instead, local authorities will be reimbursed for using their discretionary powers, under section 47 of the Local Government Finance Act 1988, to grant relief in line with the eligibility criteria set out in this guidance.

It will be for the individual local authorities which administer Freeports rates relief to adopt a local scheme and determine, in each individual case, when to grant

relief in accordance with this guidance. The Welsh Government will fully reimburse local authorities using a grant under section 31 of Local Government Act 2003.

The Welsh Government will not meet any administrative costs associated with the implementation of Freeports rates relief.

Eligibility principles: which properties will benefit from relief?

Timespan and eligibility

Freeports rates relief will be available for up to five years from the point at which the beneficiary becomes eligible for Freeports rates relief, even if another relief is awarded instead of Freeports rates relief for some or all of that period. The relief must be applied for by 31 March 2034, after which it will cease to be available to new beneficiaries.

Freeports rates relief is only available once the relevant tax site has been established and designated. The trigger point for eligibility for Freeports rates relief is the point at which one of the circumstances described in the next two sections below takes effect.

New build and new occupation

Full (100%) relief is available for properties that become occupied for the first time, within the timeframe set out above, regardless of whether they are occupied by new or existing businesses. An existing business will be eligible if it is expanding into a further property. This includes newly occupied new builds and newly occupied existing properties.

New part-property occupation and property improvements

Full (100%) relief is available for the liability associated with the rateable value of part of a property that has been newly built and/or occupied, or the increase in the rateable value of a property which is attributable to the improvements to an existing occupied space.

This includes:

- Where the occupier of a property creates new space by expanding the property (e.g. builds an extension).
- Where the occupier of a property newly occupies a previously unoccupied part of a property (e.g. newly occupies previously unoccupied rooms/floors in a property).
- Where the occupier of a property makes new space useable through a property development or improvement (e.g. installation of a mezzanine or access/fire control improvements to bring an existing space into use).

Freeports rates relief cannot generally be claimed on new part-property occupation or property improvements if:

- The expansion is merely into a part of a property that is already in use.
- The improvement is to a space that, prior to the Freeport designation, was already occupied and in use (e.g. general refurbishment or improvements, including heating and air-conditioning).
- The expansion pre-dates the Freeport designation.

Principles and approach

Local authorities may choose to review or assess Freeports rates relief awards

and request any information they deem reasonable, to determine whether they wish to award Freeports rates relief. They may choose to refuse to award Freeports rates relief. Circumstances in which relief may be refused include where a ratepayer cannot substantiate their claim, or where an increase in rateable value and corresponding increase in non-domestic rates liability is not reasonably ascertainable by the local authority.

Local authorities have ultimate discretion over the award of Freeports rates relief and may choose to apply additional tests that they deem appropriate, in order to avoid incentivising displacement of activity in the Freeport area from the surrounding area. They may, for example, choose to reduce the award of Freeports rates relief in cases where a ratepayer's occupation of a space arises, in whole or in part, from them vacating another space in the Freeport area, or in a surrounding area.

The **Freeport Programme in Wales: bidding prospectus** sets out the overarching objectives for Freeports to:

- promote regeneration and high-quality job creation;
- establish the Freeports as a national hub for global trade and investment across the country; and
- foster an innovative environment.

Local authorities may wish to have regard to these objectives and expectations when considering applications for Freeports rates relief.

Interactions with other reliefs

A property may be eligible for Freeports rates relief and another relief. Freeports rates relief should be applied to the net liability remaining after mandatory reliefs (including any discretionary elements that are fully or partly local authority

funded) and other discretionary reliefs funded by grants under section 31 of the Local Government Act 2003. The reliefs to be applied before Freeports rates relief do not include those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants (e.g. to provide a locally funded relief). The local authority will be reimbursed for the cost of awarding reliefs which are applied before Freeports rates relief through usual mechanisms, as it would were it outside the tax site.

Where a property is situated within the tax site for both a Freeport and an Investment Zone, and would theoretically be eligible for either relief, the local authority's scheme should require the ratepayer to decide which relief is to apply. The ratepayer will not be eligible for both reliefs in practice.

Subsidy control

As outlined in the bidding prospectus, Freeports rates relief is subject to the UK's domestic and international subsidy control obligations. Businesses located in designated tax sites will need to fulfil any requirements in place to ensure compliance with those obligations in advance of, during, and after claiming relief. See the [UK Government guidance for public authorities](#) which explains the subsidies chapter of the Trade and Cooperation Agreement, World Trade Organisation rules on subsidies, and other international subsidy control commitments.

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