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Inverness & Cromarty Firth Green Freeport
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TAX INCENTIVES IN GREEN FREEPORTS





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Summary

Unlocking Competitive Advantage Through Green Freeport Tax Incentives

The UK as a Global Investment Hub

The UK offers one of the most comprehensive tax incentive landscapes in the world, designed to attract inward investment and reward innovation. From R&D Tax Credits to the Patent Box regime, through to energy and environmental reliefs, the system enables businesses to cut costs, drive profitability, and accelerate growth.

Where Green Freeports Fit In

Green Freeports add a powerful layer to this landscape. By locating within a Green Freeport, businesses benefit from exclusive reliefs on capital investment, employment, land, and utilities, reducing costs from day one. Combined with wider UK innovation incentives, Green Freeports become low-cost, high-opportunity zones that strengthen competitiveness on a global scale.

Why This Matters for Business

- **Cost efficiency:** Leverage Green Freeport reliefs plus national incentives to reduce tax liabilities significantly.
- **Innovation advantage:** Reinvest savings into R&D, IP development, and sustainable growth.
- **Strategic positioning:** Access world-class infrastructure and supply chain networks while maximising returns through the UK's tax system.

Inverness & Cromarty Firth Green Freeport

As a gateway to Scotland's renewables and blue economy, Inverness & Cromarty Firth Green Freeport combines specific tax advantages with access to the full suite of UK incentives - making it a compelling base for businesses in offshore energy, life sciences, and advanced manufacturing.



Core Green Freeport Tax Benefits

What Tax Incentives Do Green Freeports Offer?

Green Freeports provide a unique package of tax reliefs designed to reduce the cost of investment, support job creation, and accelerate growth. These incentives are exclusive to Green Freeport tax sites - businesses elsewhere in the UK cannot access them.

Enhanced Capital Allowances (ECAs)

Businesses investing in plant and machinery inside a Green Freeport can claim **100% first-year relief** on qualifying costs.

- **What it means:** The full cost of equipment can be written off against taxable profits immediately, rather than over several years.
- **Why it matters:** Boosts cashflow, accelerates return on investment, and reduces the cost of scaling operations.

Structures & Buildings Allowances (SBA)

Construction or renovation of commercial property within a Green Freeport benefits from **accelerated tax relief at 10% per year for 10 years** (compared to 3% per year elsewhere).

- **What it means:** Faster tax relief on large-scale infrastructure investment.
- **Why it matters:** Encourages long-term development, reducing the cost of expanding facilities.

Research & Development Allowances (RDA)

Research & Development Allowances provides **100% first-year tax relief** on capital expenditure for qualifying research and development activities.

First Year Allowances (FYA)

First Year Allowances offers enhanced upfront tax relief on qualifying capital expenditure, allowing **full deduction in year incurred**.

Worked Example: Capital Allowances & SBA

R&D Intensive Freeport Manufacturing Facility

This briefing summarises the capital allowances and tax reliefs available for a manufacturing company constructing a facility in a Green Freeport while qualifying as an R&D-intensive enterprise. The analysis models three investment scenarios (£5m, £20m, and £100m) and shows the timing and scale of tax relief available under current UK rules.

Key Assumptions

Green Freeport Status:	Qualifies for enhanced capital allowances and 10% Structures & Buildings Allowance (SBA)
R&D Qualification:	100% Research & Development Allowances (RDA) on R&D-related assets
Corporation Tax rate:	25%
Spending Pattern:	FY25/26 - 25%, FY26/27 - 50%, FY27/28 - 25%
Relief Timing:	Immediate 100% relief in year of spend for RDA and FYA items; SBA spread over 10 years
Non-qualifying Costs:	5% of total (land, fees, etc.)



Worked Example: Capital Allowances & SBA continued.

Breakdown of Costs and Relief Types

Each project's capital expenditure is split between land, R&D-related buildings, other structures, and plant & machinery. RDA allows 100% immediate relief on R&D-related expenditure, while other buildings continue to benefit from Freeport SBA at 10% per year.

Category	% of Total	Relief Type
Land (non-qualifying)	5%	None
R&D-Related Buildings & Structures	40%	100% RDA (immediate)
Non-R&D Buildings & Structures	20%	Freeport SBA (10% per year)
Plant & Machinery (R&D & non-R&D)	35%	100% FYA (immediate)
TOTAL QUALIFYING SPEND	95%	-

£5 Million Project

Financial Year	Immediate Relief (RDA + FYA)	SBA (10%)	Total Allowances (£)	Tax Saving @25% (£)
FY25/26	£940k	£0	£940k	£230k
FY26/27	£1.88m	£100k	£1.98m	£490k
FY27/28	£940k	£100k	£1.04m	£260k
FY28/29 - FY 35/36	-	£800k	£800k	£200k
TOTAL	£3.75m	£1m	£4.75m	£1.19m

Worked Example: Capital Allowances & SBA continued.

£20 Million Project

Financial Year	Immediate Relief (RDA + FYA)	SBA (10%)	Total Allowances (£)	Tax Saving @25% (£)
FY25/26	£3.75m	£0	£3.75m	£940k
FY26/27	£7.5m	£400k	£7.9m	£1.98m
FY27/28	£3.75m	£400k	£3.20m	£800k
FY28/29 - FY 35/36	-	£3.2m	£3.2m	£800k
TOTAL	£15m	£4m	£19m	£4.75m

£100 Million Project

Financial Year	Immediate Relief (RDA + FYA)	SBA (10%)	Total Allowances (£)	Tax Saving @25% (£)
FY25/26	£18.75m	£0	£18.75m	£4.69m
FY26/27	£37.50m	£2m	£39.5m	£9.88m
FY27/28	£18.75m	£2m	£20.75m	£5.19m
FY28/29 - FY 35/36	-	£16m	£16m	£4m
TOTAL	£75m	£20m	£95m	£23.75m

Worked Example: Capital Allowances & SBA continued.

Summary Comparison

Project Value	Qualifying Spend	Immediate Relief (RDA + FYA)	SBA (10% p.a.)	Total Relief	Tax Saving (25%)	SBA Duration
£5m	£4.75m	£3.75m	£1m	£4.75m	£1.19m	10 Years
£20m	£19m	£15m	£4m	£19m	£4.75m	10 years
£100m	£95m	£75m	£20m	£95m	£23.75m	10 Years

Investor Key Takeaways

- Immediate benefit: RDA and FYA provide instant deduction of most capital spend (75–80% of total) during the construction phase.
- Cash flow effect: Each £1 million of qualifying spend generates an immediate £250,000 tax benefit, improving early-stage liquidity.
- Ongoing benefit: Only the non-R&D building portion (around 20%) continues to attract 10% SBA for 10 years, creating steady annual deductions.
- Total value: Total tax savings equal 25% of total qualifying spend, with most relief front-loaded into the first three years.
- Strategic takeaway: Structuring the project as R&D-intensive transforms capital allowances into a front-loaded tax asset, strengthening returns and reducing financing needs.

Core Green Freeport Tax Benefits continued.

What Tax Incentives Do Green Freeports Offer?

Non-Domestic Rate Relief in Green Freeports

Green Freeports are designed to attract investment, jobs and innovation to key coastal and industrial regions across the UK. Their core selling point is a set of tax and customs benefits that reduce the cost of operating and expanding in these zones. One of the most significant incentives is **Non-Domestic Rates Relief.**

What is a Green Freeport Tax Site?

A Green Freeport has two major components:

- An outer boundary that defines the overall zone
- Specific **"tax sites"** where businesses can access fiscal incentives

Only companies located within one of these designated tax sites qualify for Business Rates Relief. Businesses operating elsewhere in the broader Green Freeport area continue to pay standard business rates under national rules. Local authorities review which businesses qualify and administer the relief.

How Non-Domestic Rates Relief Applies Today

A company that sets up or expands onto an approved Green Freeport tax site can receive:

- **Up to 100% relief** from business rates
- Relief for a fixed period (five years)
- Significant **savings during early investment** years

The current policy means qualifying businesses in GreenFreeports can benefit until at least **30 September 2034**. This timing gives investors a long runway when planning capital projects, warehousing and production facilities. Eligible uses include new builds, refurbishment, expansion or the redevelopment of under-utilised land inside the tax site.

Non-Domestic Rates Relief continued.

Key Investor Takeaways

Business rates are one of the largest operational costs for many property-based companies. Relief provides:

- **Lower entry costs** for new market entrants
- Better **cash flow** for scale-ups
- **Stronger development** viability for site owners
- A meaningful incentive to relocate or expand into Green Freeports

In short: the business rates benefit is a powerful driver for investment decisions.

Updates from the recent UK Budget

The recent Budget **did not** remove or scale back Freeport-specific business rates relief. However, broader reforms to the national business rates system will affect how companies outside Freeport tax sites are charged from April 2026.

If you qualify for the Green Freeport tax site exemption, these wider reforms do not undermine your relief.



Practical Considerations for Investors and Occupiers

Before committing to a site, businesses should confirm:

- The exact boundary of the tax site
- Whether their planned activities qualify for relief
- Any time limits that would apply to their specific plot
- Potential interaction with other incentives such as capital allowances, employer NIC relief or customs duty benefits

Green Freeport Business Rates Relief remains one of the UK's strongest investment incentives. Combined with new national support for select property sectors, the policy direction continues to favour businesses that commit to long-term development in strategic trade locations.

Core Green Freeport Tax Benefits continued.

What Tax Incentives Do Green Freeports Offer?

Land and Building Transaction Tax (LBTT) Relief

Land and property transactions within Green Freeports are exempt from LBTT.

- What it means: No upfront tax on property purchases for qualifying Freeport investments.
- Why it matters: Reduces acquisition costs and removes barriers to relocating or expanding.

Employer National Insurance Contributions (NICs) Relief

Employers pay **0% secondary NICs** for new employees in Freeport tax sites (on salaries up to £25,000), for the first three years.

- **What it means:** Businesses save 13.8% of salary costs per eligible employee.
- £600 per employee per year of the saving will be paid into a central NIC Fund for skills
- **Why it matters:** Makes recruitment more affordable, supporting job creation and talent attraction.

Water Surface Charges (Green Freeports only)

Specific to Green Freeports like Inverness Cromarty Firth, businesses can access **relief on water use and discharge costs**.

- **What it means:** Lower costs for marine, offshore, and life sciences operators.
- **Why it matters:** Strengthens competitiveness for businesses in renewables and blue economy sectors.

Core Green Freeport Tax Benefits

Green Freeport Advantage vs. Standard UK

Locating inside a Green Freeport offers a **unique set of tax benefits** that go far beyond what's available elsewhere in the UK. The comparison below highlights the difference.

Tax Area	Inside Green Freeport	Elsewhere in the UK	Business Impact
Plant & Machinery	**100% Enhanced Capital Allowances** – full first-year write-off	Annual Investment Allowance (AIA) capped at £1m; balance spread over several years	Immediate multi-million tax saving on equipment
Buildings & Infrastructure	**10% SBA** – full relief in 10 years	3% SBA – relief spread over 33 years	Faster return on major construction investment
Land & Property Transactions	**LBTT Relief** – no tax on qualifying land/property purchases	LBTT payable on all property transactions	Significant upfront cost reduction
Employment Costs	**0% Employer NICs f**or 3 years (on new roles up to £25k salary)	Employer NICs at 13.8% (£600 into central fund)	Cheaper recruitment, supports job creation
Operational Overheads	**100% Non-Domestic Rates Relief** (up to 5 years)	Full business rates payable	Reduces fixed costs, improves margins
Marine/Offshore Activity (Green Freeports only)	Relief on **Water Surface Charges**	Standard water charges apply	Advantage for renewables, life sciences, marine tech

Core Green Freeport Tax Benefits

What Does This Mean in Practice?

To illustrate the difference, let's look at a manufacturing business investing £10 million in a new facility.

The Scenario

- **£6m** invested in plant & machinery
- **£3m** invested in constructing a new building
- **£1m** spent on land acquisition
- **50 new employees** hired on average salaries of £25,000

Inside a Freeport	Elsewhere in UK
✅ £6m immediate tax relief on equipment	❌ £1m immediate, remainder written down slowly
✅ £3m written off in 10 years	❌ £3m written off in 33 years
✅ £0 SDLT	❌ £50k+ SDLT payable
✅ £520k NICs saved (3 years) - *£30,000 paid into central fund for skills*	❌ £520k NICs paid in full
✅ £1.25m rates saved (5 years)	❌ £1.25m rates paid in full
5-Year Benefit: ~£7m+	**5-Year Benefit: ~£1.5-2m**

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Additional UK Tax Incentives

Beyond Green Freeports: The UK's Wider Tax Incentive Landscape

Green Freeports create an unrivalled platform for investment - but the UK advantage goes further. National schemes reward businesses for innovating, commercialising IP, reducing energy costs, and redeveloping land. These can be layered with Freeport reliefs to multiply savings and strengthen competitiveness.

We'll explore the four key schemes:

1. R&D Tax Relief
2. Patent Box
3. Energy Tax Reliefs
4. Land Remediation Relief



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Additional UK Tax Incentives

R&D Tax Relief (RDTC)

R&D Tax Relief is a government scheme that **rewards businesses investing in innovation.** It applies across sectors, with particular relevance to industries clustering around Green Freeports - such as advanced manufacturing, renewable energy, aquaculture, logistics, and digital technology.

Businesses can receive either a cash benefit or a reduction in Corporation Tax, making it one of the most valuable incentives available in the UK.

Who Can Qualify?

To claim, a company must:

- Be UK-based and subject to UK Corporation Tax
- Undertake projects that seek a **scientific or technological advance**
- Face **uncertainty** that couldn't easily be solved by a competent professional
- Work through a **systematic approach** to resolve the challenge

Benefit Available (from April 2024)

- **20% taxable credit** on qualifying R&D expenditure
- Delivered as either a **cash benefit** or a **reduction in Corporation Tax**
- Particularly valuable for Freeport-based firms investing in:
  - Offshore renewables & hydrogen production
  - Subsea engineering and marine technology
  - Process improvements in energy-intensive manufacturing
  - Advanced materials and coatings
  - AI-driven logistics and supply chain optimisation

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R&D Tax Relief (RDTC) continued.

Why It Matters for Green Freeport Businesses

Green Freeports reduce the **cost of capital investment**. R&D Tax Relief rewards **what businesses do next** - developing new technologies, processes, and systems to remain competitive.

Example:

A Green Freeport-based offshore renewables company **invests £2m** into developing hydrogen storage technology.

Secures £400k benefit from R&D Tax Relief.



Case Study: R&D Tax Relief Overview

Renewable Energy Storage & Carbon Capture

In this case study, we explore an R&D Tax analysis for an renewable energy engineering business, focused on energy storage and carbon capture, with 60 staff (average salary £52,000).

We'll outline the total accumulated benefit, year-one impact, and key investor takeaways.

Company Profile & Key Assumptions

Sector:	Renewable Energy (engineering, energy storage, carbon capture)
Employees:	60
Average Salary:	£52,000
R&D Time Proposition:	70%
Employer on-costs (NIC & Pension):	15%
Annual R&D Cost Base:	£2.51m (staff & on-costs)
Corporation Tax Rate:	25%
R&D Scheme:	R&D Intensive (≥30% of costs qualify)



Case Study: R&D Tax Relief Overview continued.

UK R&D Tax Relief Regime (Post April 2024)

- Merged R&D scheme with enhanced relief for R&D-intensive companies
- R&D-intensive definition: ≥30% of total expenditure on qualifying R&D
- Key reliefs:
  - 86% enhancement of qualifying expenditure
  - 14.5% repayable credit for loss-making companies
- Claim submitted via CT600L schedule
- Average processing time: 6–8 weeks

Qualifying R&D Cost Breakdown

Category	Estimated %	Amount (£)	Qualifies?	Notes
Direct Staff Costs (Salaries)	85%	£2,133,500	Yes	Engineers, scientists, data teams
Employer NIC & Pension	15%	£376,500	Yes	Linked to qualifying staff
Consumables & Prototypes	12% of costs	£256,000	Yes	Materials & components used in R&D
Subcontractors / EPWs	6%	£128,000	Yes (65% rule)	External R&D specialists
Software / Cloud Computing	-	£80,000	Yes	Simulation and monitoring software
TOTAL QUALIFYING SPEND	-	≈ £2,510,000	-	-

Case Study: R&D Tax Relief Overview continued.

R&D Enhanced Deduction Calculation

- Qualifying expenditure: £2,510,000
- Enhancement (86%): £2,158,600
- Total R&D deduction: £4,668,600

- Enhanced deduction increases deductible expenses by £2.16 million.

Tax Benefit Comparison

Scenario	Mechanism	Benefit Rate	Approximate Value (£)
Profitable Company	Corporation tax saving on uplift	25%	£539,650
Loss-making (R&D Intensive)	Repayable cash credit on qualifying spend	14.50%	£364,950

Investor Key Takeaways

- High eligibility: Renewable energy R&D qualifies under HMRC's definition of technological uncertainty
- Strong cash benefit: Up to £0.54m tax saving or £0.36m cash credit annually
- Predictable and scalable: Claim size grows with payroll and R&D focus
- Cashflow advantage: Reduces early-stage burn during scale-up
- Strategic value: Reinforces sustainability-focused investment and innovation incentives

Case Study: R&D Tax Relief Overview

Bioscience R&D Tax Relief

In this case study, we explore a R&D Tax analyis for a 50-person bioscience business (average salary £47,500).

We'll outline the total accumulated benefit, year-one impact, and key investor takeaways.

Company Profile & Key Assumptions

Sector:	Bioscience / Life Sciences
Employees:	50
Average Salary:	£47,500
R&D Time Proposition:	80%
Employer on-costs (NIC & Pension):	15%
Annual R&D Cost Base:	£2.74m (staff & on-costs)
Corporation Tax Rate:	25%
R&D Scheme:	R&D Intensive (≥30% of costs qualify)



Case Study: R&D Tax Relief Overview continued.

UK R&D Tax Relief Regime (Post April 2024)

- Merged R&D scheme with enhanced relief for R&D-intensive companies
- R&D-intensive definition: ≥30% of total expenditure on qualifying R&D
- Key reliefs:
  - 86% enhancement of qualifying expenditure
  - 14.5% repayable credit for loss-making companies
- Claim submitted via CT600L schedule
- Average processing time: 6–8 weeks

Qualifying R&D Cost Breakdown

Category	Estimated %	Amount (£)	Qualifies?	Notes
Direct Staff Costs (Salaries)	87%	£2,066,250	Yes	80% R&D time apportioned
Employer NIC & Pension	13%	£308,750	Yes	Linked to qualifying staff
Consumables (Lab Materials)	10% of costs	£206,635	Yes	Used in R&D activities
Subcontractors / EPWs	5%	£103,00	Yes (65% rule)	External R&D work
Software / Cloud Computing	-	£50,000	Yes	For modelling, data, or analysis
TOTAL QUALIFYING SPEND	-	≈ £2,740,000	-	-

Case Study: R&D Tax Relief Overview continued.

R&D Enhanced Deduction Calculation

- Qualifying expenditure: £2,740,000
- Enhancement (86%): £2,356,400
- Total R&D deduction: £5,096,400

- Enhanced deduction increases deductible expenses by £2.36 million.

Tax Benefit Comparison

Scenario	Mechanism	Benefit Rate	Approximate Value (£)
Profitable Company	Corporation tax saving (on 86% uplift)	25%	£589,100
Loss-making (R&D Intensive)	Repayable cash credit on qualifying spend	14.50%	£397,300

Investor Key Takeaways

- Strong cash benefit: up to £0.6m per year in tax savings or £0.4m in cash credits
- Predictable annual claim based on payroll and R&D intensity
- Short claim turnaround: typically 6–8 weeks post-CT600 submission
- R&D-intensive status improves credit rate to 14.5%
- Provides meaningful cashflow benefit during scale-up and research phases

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Additional UK Tax Incentives

Patent Box

Rewarding Commercialisation of Intellectual Property

Patent Box is a UK scheme that reduces Corporation Tax to 10% on profits linked to qualifying patents and certain other IP. It applies to UK and EU patents, including those held under exclusive licences.

Who Can Qualify?

To claim, a company must:

- Be UK-based and subject to UK Corporation Tax
- Own or exclusively license qualifying patents
- Demonstrate **development activity** - creating or significantly improving the patented invention

Benefit Available

- Profits from patented products, processes, or components are taxed at **10% instead of 25%.**
- Applies to:
  - Sales of patented products or products incorporating a patented element
  - Licensing or royalty income from patents
  - Damages or compensation from patent infringement
- Companies with mixed patent/non-patent income pay a blended effective rate.
- Patent Box relief significantly reduces overall tax burden for IP-rich businesses.

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Patent Box continued.

Why It Matters for Green Freeport Businesses

Green Freeports attract industries where patents are central to competitiveness. Patent Box allows these businesses to protect margins as they scale innovative products and secure a long-term tax advantage.

Example:

A Freeport-based chemicals company patents a corrosion-resistant coating used in offshore infrastructure.

- Annual profit: £5m
- Taxed under Patent Box at 10% = £0.5m
- Standard Corporation Tax at 25% = £1.25m
- **Annual saving: £750k**

When combined with **R&D Tax Relief** (covering upfront development costs) and Freeport tax benefits (reducing set-up costs), Patent Box creates a **triple advantage** for businesses.



Case Study: Patent Box Tax Relief Overview

Tax Relief on Profits from Patented Products

In this case study, we explore Patent Box for a profitable UK business, where 60% of profits are generated from patented products.

We'll outline the total accumulated benefit, year-one impact, and key investor takeaways.

Base Example - £5m Profit

Total Taxable Profit:	£5,000,000
% of profit from Patented Products:	60% (£3m)
% of profit from Non-Patented Products:	40% (£2m)
Corporation Tax Rates:	10% on patented products 25% on non-patented products

Effective Blended Tax Rate

Profit Source	Profit (£)	Tax Rate	Tax (£)
Patented Products	£3m	10%	£300k
Non-Patented Products	£2m	25.00%	£500k
TOTAL TAX PAYABLE	-	-	£800k

Case Study: Parent Box Tax Relief Overview continued.

Effective Blended Tax Rate

- Total profit: £5m
- Total tax: £0.8m
- Effective tax rate = 16%

- Tax saving vs 25% baseline = £0.45m per year

Impact of Patent-Protected Profit Mix

Patented Share	Tax on £5m Profit (£)	Effective Rate	Tax Saving vs 25% (£)
0%	£2.25m	25%	£0
25%	£1.06m	21.00%	£190k
50%	£880k	17.50%	£370k
60%	£800k	16.00%	£450k
75%	£690k	13.80%	£560k
100%	£500k	10.00%	£750k

Investor Key Takeaways

- Patent Box reduces the corporation tax rate from 25% to 10% on qualifying profits.
- In this case, £5m profit split 60/40 yields an effective 16% tax rate.
- Annual tax saving: approximately £450,000.
- Savings scale with the proportion of patented revenue.
- Can combine with R&D relief for further tax efficiency.
- Must maintain evidence linking profits to patented products.

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Additional UK Tax Incentives

Energy Tax Reliefs

Reducing the Cost of Energy for Industry

The UK Government provides a number of reliefs and compensation schemes to support **energy-intensive industries**, helping them stay competitive in a global market. These reliefs reduce **non-commodity costs** on electricity and gas, typically cutting between **15–30% of a business's total energy bill.**

Who Can Qualify?

Businesses may be eligible if they:

- Operate in energy-intensive industries such as metals, chemicals, glass, paper, ceramics, or large-scale manufacturing
- Undertake eligible manufacturing or production activities
- Meet sector-specific thresholds for energy use intensity

Benefit Available

Energy-Intensive Industries (EII) Exemption

- Exemption from up to 4 taxes on electricity bills
- Typical deduction: 15–30% of the total energy bill

Climate Change Levy (CCL) Exemption

- Relief on both electricity and gas supply for eligible manufacturers

UK ETS & Carbon Price Support Compensation

- Cash compensation available to offset the indirect costs of carbon pricing and emissions trading schemes

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Energy Tax Reliefs continued.

Why It Matters for Green Freeport Businesses
Green Freeports often attract energy-heavy industries such as metals, renewables, advanced manufacturing, and offshore operators. These businesses can maximise their competitive advantage by combining freeport tax benefit and UK energy tax exemptions and compensation schemes.

Together, these measures protect profit margins and encourage long-term investment into UK operations.

Example:
An aluminium manufacturer invests in a new UK Freeport facility with a £2m annual electricity bill:

- Eligible for EII Exemption = 20% reduction → £400k saved annually



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Additional UK Tax Incentives

Land Remediation Relief (LRR)

Reducing Investment in Regeneration

Land Remediation Relief (LRR) is a UK incentive that supports businesses redeveloping contaminated, derelict, or long-term vacant land. It offers enhanced tax relief of up to 150% of qualifying clean-up costs, making redevelopment projects more financially viable.

Who Can Qualify?

To claim, a company must:

- Be UK-based and subject to UK Corporation Tax
- Incur costs on cleaning up contaminated land, water, or buildings
- Be undertaking projects that bring derelict or brownfield land back into commercial use

Applies to:

- **Removing contamination** (e.g. asbestos, oil, heavy metals)
- **Treating polluted water systems**
- **Demolishing derelict buildings**
- **Reclaiming long-term vacant land**

Benefit Available

- For developers who treat their expenditure as revenue cost already deductible for tax purposes, they can claim **50% uplift instead of 150%**.
- The 150% tax deduction is equivalent to **28.5% tax saving benefit (28.5p for every £1 spent)** based on the current 19% Corporation Tax rate.
- The 50% uplift tax deduction is equivalent to **9.5% tax saving benefit (9.5p for every £1 spent)** based on the current 19% Corporation Tax rate.
- As opposed to a tax reduction, the relief can take the form of a **24% tax credit (cash receipt) to the company if they are loss making**.

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Land Remediation Relief (LRR) continued

Why It Matters for Green Freeport Businesses

Many Green Freeports are located in industrial and waterfront areas with derelict or contaminated land. LRR provides businesses with a financial incentive to redevelop these sites, reducing upfront costs and encouraging long-term regeneration.

When combined with Freeport-specific tax reliefs (LBTT exemption, accelerated SBAs), LRR creates a stacked advantage for property developers, logistics operators, manufacturers, and energy companies setting up in Green Freeport zones.

Example:

A logistics company redevelops a contaminated Green Freeport site:

- £2m spent on asbestos removal and soil treatment
- Claims £3m deduction (150% of costs) against Corporation Tax
- At 25% tax rate, this equates to £750k saved



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Why Invest in the UK Through Green Freeports?

The Most Competitive Tax Environment in the UK

Green Freeports are more than tax-advantaged zones - they are gateways into one of the world's **most supportive business environments**. When Freeport-specific reliefs are combined with the UK's wider incentive landscape, companies gain a **unique financial and strategic advantage**.

Combined Tax Savings

- **Green Freeport Tax Benefits** reduce the cost of property, equipment, employment, and utilities.
- **UK Tax Incentives** (R&D Tax Relief, Patent Box, Energy Tax Reliefs, Land Remediation Relief) multiply those savings by rewarding innovation, IP, and sustainability.
- Together, this creates a l**ayered tax environment unmatched anywhere else in the UK.**

Global Hub for Sustainable Growth

- The UK is a leading destination for renewables, advanced manufacturing, and innovation investment.
- Green Freeports, in particular, align with **net zero targets**, hydrogen, offshore wind, life sciences, and advanced engineering.
- Locating in a Green Freeport means joining a **cluster of high-growth sectors,** backed by world-class infrastructure and supply chain networks.

Access to Non-Dilutive Funding

- Businesses can combine tax reliefs with **grant funding** and **green finance,** maximising available support without giving away equity.
- Leyton helps companies identify and layer these opportunities, from Freeport incentives to national schemes and sustainability-linked grants.
- This reduces reliance on external capital and accelerates **self-funded growth.**

The Result

By investing in a Green Freeport, businesses benefit from:

- **Lower upfront costs** (capital, property, and employment reliefs)
- **Higher margins and profitability** (Patent Box, energy reliefs, rates relief)
- **More innovation capacity** (R&D Tax Relief, grant funding)
- **Stronger long-term competitiveness** in global markets

Case Study: Combined Tax Relief Overview

Renewable Energy Manufacturer

In this case study, we explore how a Renewable Energy Manufacturer investing in a Green Freeport site can combine multiple tax incentives - such as **enhanced capital allowances**, **structures and buildings allowances**, **R&D Tax Relief**, and **patent box** - to accelerate green innovation, reduce its tax burden, and reinvest savings into future turbine development.

We'll outline the total accumulated benefit, year-one impact, and key investor takeaways.

Company Profile & Key Assumptions

Sector:	Renewable Energy (wind turbine manufacturing)
Facility:	£20m Green Freeport manufacturing plant
Patents:	Wind turbine design and control systems
Annual profit:	£8 million (80% patented product sales)
Corporation Tax Rate:	25%
R&D headcount:	40 Engineers (£55k avg salary)
R&D intensity:	35% of total expenditure



Case Study: Combined Tax Relief Overview continued.

Capital Allowances in a Green Freeport let businesses claim enhanced tax relief on qualifying investments in plant, machinery, and structures within the Freeport zone - accelerating relief and improving cash flow on capital spend.

Capital Allowances on investment in £20m Manufacturing Facility

Category	% of Cost	Value (£)	Relief	Notes
Land	5%	£1m	None	Non-qualifying
Buildings & structures	60%	£12m	10% SBA	Enhanced Green Freeport rate
R&D & production plant	35%	£7m	100% FYA	Immediate deduction
TOTAL QUALIFYING SPEND	95%	£19m	—	—

Patent Box allows companies to apply a reduced rate of corporation tax to profits earned from patented inventions, rewarding innovation by increasing post-tax returns on intellectual property.

Patent Box Tax on £8m Annual Profit

Profit Source	Share	Profit (£)	Tax Rate	Tax (£m)
Patented Turbines	5%	£1m	None	Non-qualifying
Non-Patented Products	60%	£12m	10% SBA	Enhanced Green Freeport rate
TOTAL TAX PAYABLE	35%	£7m	100% FYA	Immediate deduction

Case Study: Combined Tax Relief Overview continued.

R&D Tax Relief enables companies to recover a portion of their innovation costs by reducing their corporation tax or receiving a cash credit, rewarding investment in developing new or improved products, processes, and technologies.

R&D Tax Relief on Engineering Team

No of Technical Staff:	40
Average Salary:	£55,000
Qualifying expenditure:	£2.53m (including NIC and pension)
Enhancement (86%):	£2.17m uplift
Total deduction:	£4.70m
Tax saving:	£0.54m (25% of uplift)
If loss-making:	Potential £0.37m repayable credit

The following section illustrates the combined tax position achieved by layering available incentives, including Capital Allowances, Structures & Buildings Allowances, R&D Tax Relief, and Patent Box, to show the cumulative impact on the effective tax rate, cash flow, and overall return on investment within the Freeport.

Combined Tax Position (Year 1)

Source	Tax Saving / Reduction (£)	Description
Patent Box	£50k	10% rate on 80% of profits
Capital Allowances (FYA)	£1.75m	Immediate 100% deduction on £7m plant
Structures & Building Allowances (Year 1)	£300k	10% annual allowance on £12m structures
R&D Tax Relief	£540k	25% saving on uplifted R&D spend
TOTAL YEAR 1 BENEFIT	£3.55m	Combined impact of all incentives

Case Study: Combined Tax Relief Overview continued.

Effective Outcomes

Year	Profit Before Tax	Total Reliefs	Tax Payable	Effective Rate
Year 1 (build & launch)	£8m	£3.55m	≈0.0–£300k	~4%
Steady-State Years	£8m	£1.8m	£1m	13%

Investor Key Takeaways

- Combined use of Green Freeport, R&D, and Patent Box incentives cuts effective tax rate to ~13%.
- First-year reliefs worth £3.5m against £20m facility cost.
- Strong synergy between patented turbine IP and qualifying R&D.
- Ongoing savings from Patent Box and SBA provide long-term cashflow benefit.
- Strategic alignment with UK low-carbon and innovation incentives enhances investor confidence.

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Inverness & Cromarty Firth Green Freeport
a free trade zone

How Leyton Supports Businesses

Expert Guidance to Unlock the Full Value of UK & Green Freeport Tax Incentives

Investing in the UK offers a range of tax advantages - but navigating the full range of Freeport and UK Tax incentives can be complex. Leyton helps businesses unlock the maximum benefit while ensuring full compliance with HMRC requirements.

Our Expertise

- **Specialist consultancy:** We support businesses to access a range of UK and Freeport tax incentives that accelerate growth and innovation.
- **Compliance first:** We ensure claims and applications meet the highest standards of HMRC and DBT scrutiny, protecting businesses from risk.
- **Tailored strategies:** We identify how incentives interact - from set-up costs to long-term innovation funding - to maximise financial outcomes.

Our Experience

- Decades of expertise working with businesses across manufacturing, energy, chemicals, life sciences, and technology.
- Proven track record supporting companies to invest in Green Freeports and the surrounding regions.
- Trusted by thousands of UK businesses to manage complex, high-value tax incentives.

Get to Know Us

We've been helping businesses across the world reach their full potential for 28 years.

+50,000	+3,000	47
Satisfied Clients	Employees	Offices Globally

“Investing within the Inverness and Cromarty Firth Freeport has enabled us to capitalise on a wide range of tax incentives that directly support our growth and sustainability goals.

By combining the Freeport-specific benefits with wider UK reliefs such as R&D Tax Credits and Capital Allowances, we’ve been able to reinvest savings into innovation and long-term capability.

Working with Leyton has helped us navigate this landscape confidently and compliantly, ensuring we maximise the value of every incentive available. We’d highly recommend their support to any business exploring the advantages of operating within the UK’s Freeports.”

Global Energy Group



Global

At the centre of delivering tomorrow’s energy

Global are proud to be a key driver in facilitating the UK’s transition towards a clean, sustainable and secure energy supply. Four decades of continual evolution, innovation and diversification has seen Global established as the partner of choice across the energy sectors.

Next Steps

Exploring UK & Green Freeport Tax Incentives

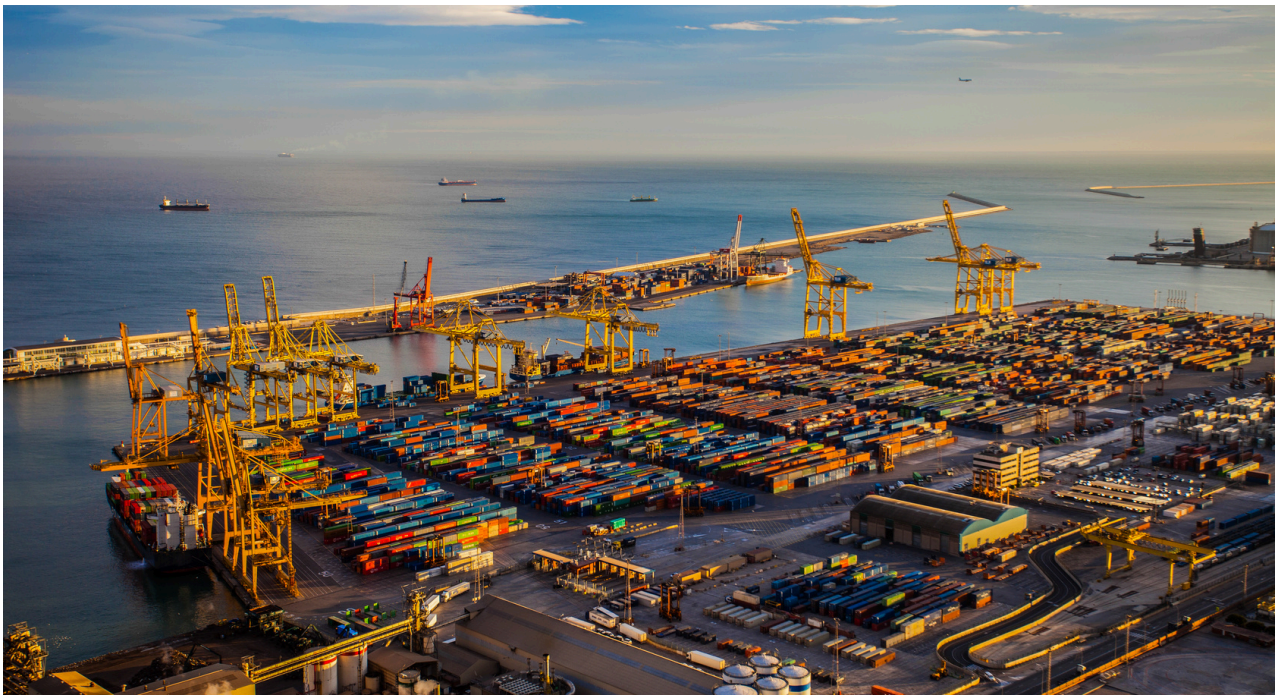
The Green Freeport framework creates one of the most competitive tax environments for business investment. When combined with national incentives, it provides a unique platform for growth, innovation, and long-term competitiveness.

Looking Ahead

- Green Freeports represent a **strategic investment decision,** not just a short-term tax saving.
- Understanding how reliefs apply - and how they work together - is key to maximising their impact.
- Businesses that plan early are best placed to benefit as Freeport zones continue to develop.

How Leyton Can Help

If you are considering investment in a Green Freeport or exploring UK tax incentives more broadly, Leyton can **provide tailored guidance** - helping you understand eligibility, navigate complexity, and unlock value while remaining fully compliant.




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