



Ministry of Housing,  
Communities &  
Local Government

Angus Brendan MacNeil MP  
International Trade Committee  
House of Commons  
London  
SW1A 0AA

**Rt Hon Robert Jenrick MP**  
*Secretary of State for Housing,  
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6 July 2021

Dear Angus,

### **Freeports International Trade Committee: M&E Strategy and Corporation Tax**

Thank you for your letter dated 25 June 2021 advising the publication of HM Government's response to your Committee's report on UK Freeports. I am pleased to see the response published and welcome your comments.

We plan to publish our Monitoring and Evaluation (M&E) Strategy in Spring 2022 and provide an annual update to your committee by 30 November each year, commencing in 2022. This will include an assessment of the expected costs and benefits of Freeports, as well as information on Freeport progress and results.

The annual update will be based on the evidence collected through our M&E requirements. Once operational, Freeports will begin reporting to the department formally twice a year. We expect the first data collection exercise to take place in April 2022, based on data from the previous financial year (2021-22). With Freeports likely to be operational in different stages from Autumn 2021, I am sure you will appreciate the level of progress and measured impact in this reporting period will vary.

Moreover, we are actively working with the Freeports to support delivery of the policy and thus, the Government will confirm tax sites in due course. Once this process has completed and tax sites are confirmed, the Government expects to score the costs of tax reliefs at the next fiscal event. These costings will undergo scrutiny from the OBR, and we have published Tax Information and Impact Notes for the Freeport tax reliefs which required legislation. I can also assure you that our evaluation of Freeports will explore economic activity in the Freeport area. We will set out our approach to measuring this in our forthcoming M&E Strategy.

Regarding the recent G7 announcement, the global minimum corporation tax rate will protect against multinational tax avoidance, whilst leaving appropriate room for countries to use corporation tax as a lever to support their economic, fiscal, and environmental objectives.

Freeports will not offer direct reliefs to Corporation Tax, but they will offer two enhanced reliefs that could allow businesses in designated Freeport tax sites to reduce their corporation tax liabilities: Enhanced Capital Allowances and an enhanced Structures and Buildings Allowance. The interaction between these reliefs and the global minimum tax rate is yet to be finalised.

It is important to note that the tax offer that will be available in UK Freeports is not just restricted to these reliefs. It will also allow businesses to benefit from a variety of incentives, such as full relief from Stamp Duty Land Tax, business rates relief, and Employer National Insurance Contributions relief. Furthermore, tax is by no means the only advantage to businesses investing in Freeports; our broad ambitious package will include customs, spending, planning and innovation.

As per your previous letter, I am copying this response to the Department for International Trade, HM Treasury and the Chair of the Housing, Communities and Local Government Committee.

A handwritten signature in black ink that reads "Robert Jenrick." The signature is written in a cursive style. Below the signature is a single horizontal line.

**RT HON ROBERT JENRICK MP**