



FREE ZONES

This information sheet summarises the key features of Free Zones in the UK.

The factors covered are:

1. Definition of Free Zones
2. UK Free Zones
3. Benefits of Free Zones
4. Placing goods in a Free Zone
5. Activities allowed in a Free Zone
6. Applying to operate a business in a Free Zone
7. Further information

1. DEFINITION OF FREE ZONES

A Free Zone is a designated area in which non-European Union goods are treated, for the purposes of import duties, as being outside the customs territory of the European Union (meaning that import duties are not payable until the goods are released for free circulation).

Customs duty and import VAT are only payable if:

- a) the goods leave the Free Zone and are placed into a European Union market, or
- b) the goods are used or consumed within the Free Zone.

There are no special reliefs in Free Zones from other taxes, excise duties or local authority rates. Any supplies of goods and services within the Free Zone are subject to normal VAT rules.

2. UK FREE ZONES

In the UK there are Free Zones in:

- a) *England*: Liverpool; Port of Sheerness (Kent); Port of Tilbury (Essex); and Southampton.
- b) *Scotland*: Prestwick Airport.

Please see Appendix A for full contact details of all UK Free Zones.

The key UK Government organisation responsible for Free Zones in the UK is HM Revenue & Customs. For further information, please see: www.hmrc.gov.uk/ or telephone 0845 010 9000 (for callers within the UK) or +44 2920 501 261 (for callers from overseas).

3. BENEFITS OF FREE ZONES

In addition to the relief that is available throughout the UK on customs duties relating to the transshipment, handling and processing of goods destined for re-export, companies operating in Free Zones also receive the following benefits:

- a) simplified customs procedures,
- b) cash-flow benefits resulting from exemption of duty until the goods are exported or released into free circulation,
- c) additional security from the perimeter fence enclosing the Free Zone, and
- d) greater flexibility in determining the final destinations of goods (subject to any quota restrictions).

4. PLACING GOODS IN A FREE ZONE

Goods that may be placed in a Free Zone include:

- a) non-European Union goods,
- b) European Union goods, and
- c) goods in free circulation which are still under customs control (because, for example, certain charges have not been paid, or proof of their arrival or particular use is required).

5. ACTIVITIES ALLOWED IN A FREE ZONE

The following activities may take place in a Free Zone:

- a) "*Storage*". Goods accepted as "Free Zone goods" by the Free Zone Manager may be stored in the Free Zone for an unlimited time (specific time limits may, however, apply to certain Common Agricultural Policy goods).
- b) "*Usual forms of handling*". Simple activities may be carried out on the goods to:
 - preserve them in good condition,
 - improve their presentation or marketable quality, or
 - prepare them for distribution or resale.
- c) "*Processing goods*". This includes any operation that changes the condition of the goods (such as manufacturing or assembly).

6. APPLYING TO OPERATE A BUSINESS IN A FREE ZONE

To run a business in a Free Zone, an operator needs prior authorisation from HM Revenue & Customs.

To apply for authorisation, an operator should write to the appropriate HM Revenue & Customs office responsible for the Free Zone (see Appendix A) with the following information:

- a) the nature of the activity that is planned,
- b) a supporting letter from the Free Zone manager,
- c) name, address and VAT number of the company, including the correct legal entity,
- d) full names of the directors or partners of the company,
- e) details of any associated businesses,
- f) identity and details of any building in the Free Zone that will be used,
- g) description of the goods involved,
- h) origin of the goods and their customs status,
- i) details of any handling or processing to be carried out,
- j) methods of declaring goods to the Free Zone and removal from the Free Zone,
- k) details of the stock records to be maintained, including any computer software, and
- l) any other relevant information that is needed to ensure proper application of the arrangements.

If the application is accepted, the operator will receive a letter of authorisation to proceed.

If goods are to be placed in the premises of an operator who is already authorised, the owner of the goods does not need to apply for a separate authorisation and goods can be entered into the Free Zone under the existing approval.

7. FURTHER INFORMATION

This information sheet was updated in December 2009.

As information changes from time to time, please contact the organisations listed or UK Trade & Investment to confirm any item that you intend to rely on.

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APPENDIX A - UK Free Zones

Free Zone Name and Code	Free Zone Manager Contact	Supervising Customs Office
Liverpool Free Zone Code: FZL	Liverpool Freeport Maritime Centre Port of Liverpool L21 1LA Tel: +44 (0)151 949 6017 Fax: +44 (0)151 949 6020	Leeds MTR/TP Team Peter Bennett House Redvers Close West Park Ring Road Leeds LS16 6RQ Tel: +44 (0)113 389 4426 Fax: +44 (0)113 389 4373
Prestwick Airport Free Zone Code: FZK	Freeport Scotland Ltd Ayr KA8 9SL Tel: +44 (0)1292 316347 Fax: +44 (0)1292 618678	Dundee EICS Caledonian House Greenmarket Dundee DD1 1HD Tel: +44 (0)1382 313317 Fax: +44 (0)1382 313332
Port of Sheerness Free Zone Code: FZS	Medway Ports Ltd Sheerness Docks Kent ME12 1RX Tel: +44 (0)1795 596596 Fax: +44 (0)1795 668516	Anchorage House High Street Chatham Kent ME4 4NW Tel: +44 (0)1634 830933 Fax: +44 (0) 1634 887043
Southampton Free Zone Code: FZN	Southampton Free Trade Zone Ltd Southampton SO1 0HJ Tel: +44 (0)23 8077 2200 Fax: +44 (0)23 8078 1111	Compass House Romsey Road Southampton SO16 4HP Tel: +44 (0)23 8079 7000 Fax: +44 (0)23 8079 7274
Port of Tilbury Free Zone Code: FZY	Port of Tilbury London Ltd Tilbury Dock, Tilbury Essex RM18 7EH Tel: +44 (0)1375 852300 Fax: +44 (0)1375 855106	Custom House Tilbury Dock, Tilbury Essex RM18 7EJ Tel: +44 (0)1375 844121 Fax: +44 (0)1375 853207

Source: HMRC, 2010