



# The Patent Box

Guidance for your business

**Audit / Tax / Advisory / Risk**

**Smart decisions. Lasting value.**

## What is the Patent Box?

Businesses are under immense pressure to produce innovative new products to keep up with the competition.

The Patent Box tax incentive is one of a number of measures to encourage innovation and is potentially one of the most generous tax incentives ever introduced in the corporate arena. It applies to innovative high tech companies and to companies that develop and use patents in their trade, such as manufacturing.

These include the UK Intellectual Property Office, the European Patent Office and the patent offices of certain European Economic Area states.

The rate of corporation tax applicable to Patent Box profits is currently 10% compared to the main rate of corporation tax of 19%.

### **Can my company claim Patent Box tax relief?**

Companies, including corporate partners and joint venturers, electing into the Patent Box can apply a reduced corporation tax rate to profits generated from some of their patents provided these have been registered at one of the accredited patent offices.



It applies not only to the worldwide sales of certain patented items, but also to the worldwide sales of an item which incorporates a patented component (e.g. the brake pads in a car) provided it is covered by at least one qualifying patent, whether or not it is also covered by other non-qualifying patents. The Patent Box also applies to deemed royalties arising from patented processes.

If the answer is 'yes' to any of the questions to the right, then it may be possible to take advantage of the Patent Box regime.

“The Patent Box legislation is potentially one of the most generous tax incentives ever introduced in the corporate arena”

- Does the company sell any products that incorporate at least one patent registered with an accredited patent office?
- Has the company been granted any exclusive licences to exploit a product or process covered by at least one patent registered with an accredited office?
- Does the company receive any licence fees or royalty income from the rights the company has granted out of qualifying patents it has developed?
- Has the company received any income from the outright sale of its qualifying patents?
- Has the company received any income from the infringement of its qualifying patents?
- Is the company part of a group of companies with patents held by one company but developed or exploited in another group company?

## **Services we provide at Crowe**

Our specialist team can advise on all aspects of this generous tax relief. Our advice is tailored, pragmatic and focused to your needs.

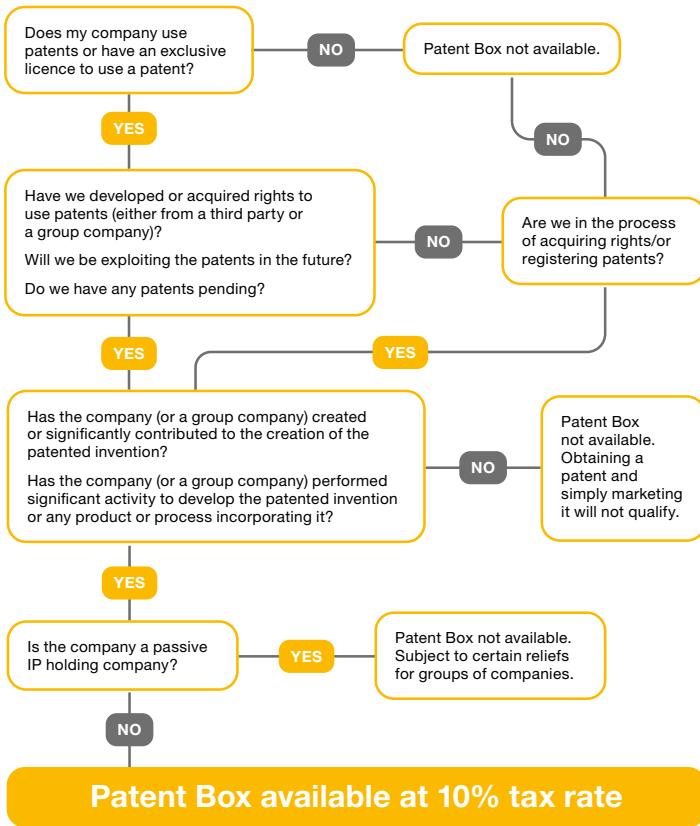
We can help you to maximise the available benefits by:

- Advising on the potential opportunities under the Patent Box regime.
- Helping carry out an initial high level assessment of the potential benefits.
- Helping review income streams to identify qualifying Patent Box income.
- Assisting in setting up processes that can facilitate the efficient capture of Patent Box data from the accounting records.

“The UK Patent Box is more generous than many of the equivalent schemes in a number of other jurisdictions”



# Can my company benefit from the Patent Box?



## Start the conversation

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## About Us

Crowe UK is a national audit, tax, advisory and risk firm with global reach and local expertise. We are an independent member of Crowe Global, the eighth largest accounting network in the world. With exceptional knowledge of the business environment, our professionals share one commitment, to deliver excellence.

We are trusted by thousands of clients for our specialist advice, our ability to make smart decisions and our readiness to provide lasting value. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.

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