



Invent it, make it, sell it

Tax reliefs to benefit your business



Audit / Tax / Advisory / Risk

Smart decisions. Lasting value.

Invent it, make it, sell it

For many years the UK government has emphasised intellectual property as key to the future of UK plc.

A series of less than straightforward tax reliefs designed to incentivise UK businesses to create and sell technology based products are now available.

Scheme (SEIS). If invested in R&D, this could lead to a repayment of up to £33,350 to the company and £50,000 to the investor.

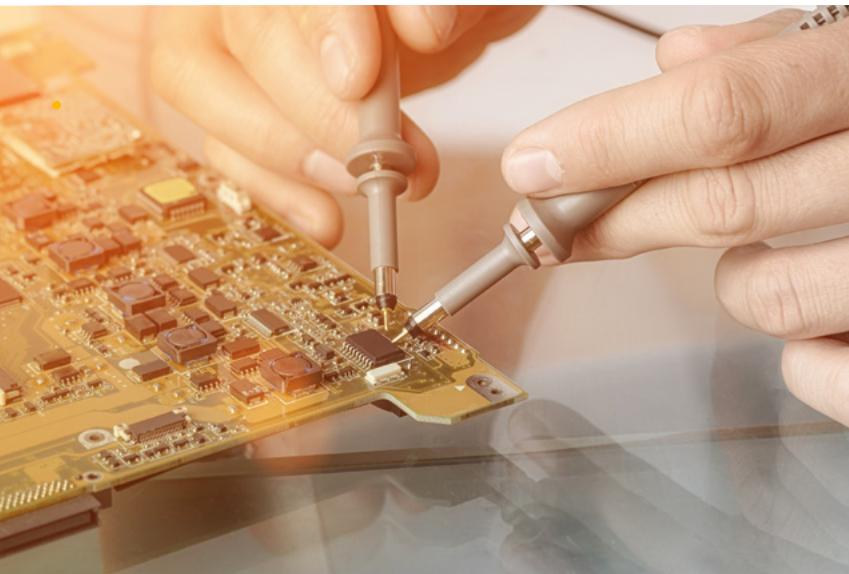
Under the EIS scheme, investments can be made into larger businesses and, subject to all qualifying conditions being met, an investor can claim income tax relief of up to £300,000, if they make a maximum investment of £1 million in a tax year. The investor will also receive exemption from CGT on the disposal of their shares.

Financing the research

Investment schemes

There are a number of tax efficient capital investment schemes available to investors in smaller companies.

They can receive exemption from capital gains tax (CGT) and a 50% income tax deduction on investments up to £100,000 under the Seed Enterprise Investment





Rewarding the team

Share options and bonuses

Fast growing businesses often provide rewards through a combination of share based payments and cash, maximising the value of the rewards while controlling the associated tax and National Insurance costs.

Share options can be awarded under the Enterprise Management Incentive Scheme over shares worth up to £250,000 (valued on the date of grant) per employee without a tax charge on either the company or employee. No income tax is charged on the gains made on exercising such options, but the employing company may benefit from a corporation tax deduction for an equal amount.

When the shares are sold, the employee may be eligible for CGT Entrepreneurs' Relief on their gains. This could save employees tax on the first £1 million of eligible gains, if the shares have been held for two years, along with certain other conditions.

“This could save employees tax on the first £10 million of gains, if the shares have been held for one year, along with certain other conditions”

Creating intellectual property

Businesses creating intellectual property may be able to claim cash tax benefits from HMRC on the following:

- Research and development (R&D)
- Patent box
- Creative and cultural spend on: high-end television productions, animated films, video games, theatre productions, museums and galleries and temporary and touring exhibitions.

“By its very nature, IP can move easily across borders”

International

By its very nature, Intellectual Property can move easily across borders. A business needs to carefully plan how it interacts with overseas buyers to generate significant tax efficiencies reducing VAT, direct tax costs and ensure that any withholding taxes are minimised.

Exploiting intellectual property

Patent Box

If your product contains even one patented item, the whole of the sales revenue could qualify for the Patent Box. The Patent Box tax rate is 10% compared to the main corporate tax rate of 19%.

Did you know?

- Profitable small companies can claim 43.7% tax relief on its R&D spend. Loss making SME companies can claim up to £33.35 of the R&D spend in cash from HMRC.
- Profitable large companies can claim up to 10.53% tax relief on its R&D spend. Loss making large companies can claim up to 10.53% of the R&D spend in cash from HMRC.
- Cash tax benefits can be claimed by companies spending on certain creative and cultural activities.

The intellectual property lifecycle

Whatever stage you are at in the intellectual property lifecycle – research, exploitation, reward or financing – we can help guide you to where you want to be.



Start the conversation

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