

# Patent Box

## What is Patent Box?

With Patent Box companies can apply for a 10% Corporation Tax rate on worldwide profits that are credited to qualifying intellectual property rights.

## Why Was It Introduced?

HMRC's Patent Box aims to encourage innovative companies to develop, keep and commercialise their intellectual property within the UK, allowing the economy to be more internationally competitive, with high-value jobs and high-tech companies.

## Qualifying IP Rights

### Patents or Patents Pending

- With the UK Intellectual Property Office, The European Patent Office and the following European Economic Area states: Austria, Bulgaria, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Poland, Portugal, Romania, Slovakia and Sweden.

### Supplementary Protection Certificates

- For medicinal and plant protection products.

### Medicinal and Veterinary Products

- With marketing authorisations and marketing or data protection.

### Plant Breeders' Rights

- Plant breeders' rights, plant variety rights and plant protection products with data protection benefit.

## Who Can Patent Box Benefit?

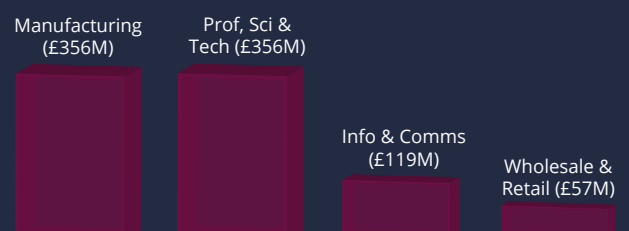
To elect in to the regime, a company must meet the following criteria:

- UK registered and paying corporation tax.
- They hold the qualifying IP rights or the exclusive licence for qualifying IP rights.
- They undertook qualifying development of the IP, which includes:
  - Creating or making a significant contribution towards the invention's creation.
  - Performing a significant amount of activity to develop the invention or any other product or process that utilizes it.

## Group Companies

- If a company within a group holds the IP rights or exclusive licence for an invention, but another group company created it, they can still elect in to the Patent Box incentive if they can prove "Active Ownership".
- Active ownership is when a company has been significantly involved in an IP's management, such as planning and making decisions on the development, commercialisation, protection, licencing or use of the IP within other products.

## Top Claiming Sectors (£M Claimed)



HMRC's Patent Box Statistics, 2019-20 partial