

The Patent Box enables companies to apply a lower rate of Corporation Tax to profits earned after 1 April 2013 from its patented inventions. The relief will be phased in from 1 April 2013 and the lower rate of Corporation Tax to be applied will be 10%.

You can only benefit from the Patent Box if your company is liable for Corporation Tax and makes a profit from exploiting patented inventions.

This means that if your company owns a patent and has the subject-matter of that patent incorporated in one of its products, any profits made from those sales qualify for Patent Box

Alternatively, your company holds an exclusive license for the subject matter of a patent and has undertaken qualifying development on that subject-matter, any profit from sales of those qualifying development products will benefit from the Patent Box.



EXPLANATIONS:

Exclusive License means in this context:

- Your company is the only one to market and sell the patented product and holds a legal agreement to that effect with the owner of the patent

Qualifying Development

1. your company has contributed to the development of the patented subject-matter or
2. has developed the product which incorporates the invention

Profits:

To be able to benefit from Patent Box, the profits have to be returned to the UK and included in your company's corporation tax declaration.