

PATENT BOX

Even a single, small patent can yield substantial benefits



Designed to incentivise companies to create IP in the UK



Effective 10% rate of corporation tax for patent related profits



The claim process needn't be overly complex



A little bit of upfront planning can lead to substantial benefits

Why is it worth looking at now?

- ▶ Patent box is a statutorily available counter-balance to upward pressure on tax rates from global tax reform. And, after a period of phasing in, the full benefit of the regime now applies
- ▶ We have seen a period of intense innovation, and technology is increasingly important to business; this means the potential value of a patent box claim is increasing over time
- ▶ There is increasing precedent for the patenting of software, opening the regime to a new wave of claimants
- ▶ Changes to the regime in 1 July 2016, (including streaming and nexus), require consideration for existing claimants
- ▶ The number of patents is not important, and nor is their value. What is important is how the rights are put to use by the group.

What is the relevance for technology driven businesses?

- ▶ Innovation is at the heart of their business and help drive value and maintain their competitive advantage. In parallel, they are increasingly successful in applying for patents over their software platforms, thereby enabling access to the regime.
- ▶ With appropriate structuring of the value chain, a single patent within a technology platform can enable all profits derived from that technology platform (whether directly or indirectly) to qualify for the patent box.
- ▶ License fee or royalty income arising from the license of any right which is licensed for the same purpose as a patented right can also fall within the patent box.

How we can help

- ▶ BDO has a multi-disciplinary team of experts including IP tax experts, trained lawyers and over 75 engineers and software developers to assist you at all stages of the process with pragmatic, commercially led advice. We also work closely with a number of leading patent attorneys.
- ▶ We can help you put appropriate structures in place to ensure you make the most of the patent box in a manner that fits with your business, global IP strategy and worldwide R&D claims.
- ▶ Our dedicated team can also help prepare the patent box calculation and embed it into your existing finance processes.

Your next steps

- ▶ If you would like to discuss any aspect of R&D or patent box claims, please contact our specialists listed below.

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