How you can reduce your corporate taxes through your intellectual property by implementing "Patent Box"

A guide to save you money so that you can increase your company profit

LOVEN

Do any of these situations apply to your business?

- ✓ You have developed patentable products or processes
- ✓ You have supplementary protection certificates for medicinal or plant protection products
- ✓ You own the qualifying IP or have an exclusive licence to use it

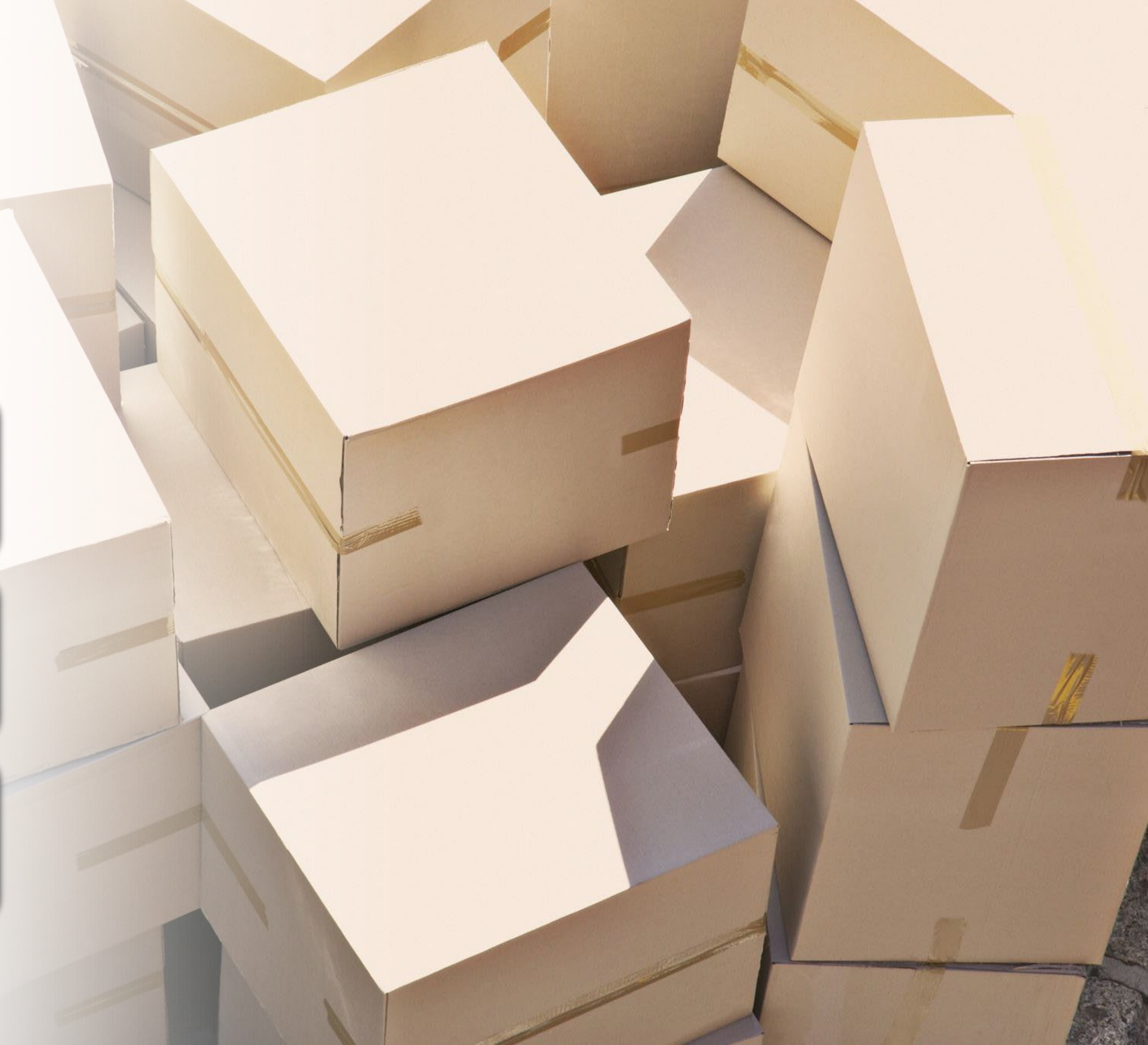
If, yes, your company may be eligible to claim for Patent Box.

What is Patent Box?

In some countries, corporate taxpayers owning qualifying intellectual property (IP) may be able to benefit from certain tax incentives on income attributable to sales of products protected by that IP.

Countries having these tax-incentive policies, known as “patent boxes,” include Belgium, France, Hungary, the United Kingdom (UK), Luxembourg, Malta, the Netherlands, Spain, Switzerland, and China.

The goal is to promote economic growth and attract research and development (R&D) investment. Similar tax policies are also under consideration in other countries, such as Canada and the United States



Can you benefit from Patent Box?

If you are a UK company and have a granted patent covering one of the products you sell or processes you use, and have generated profits relating to the patented invention, then the corporation tax payable on those profits is reduced to 10%.

The reduction can be backdated to cover the period between filing of the patent application and grant of the patent as well.

Here is a worked example:

The relevant profit is £1000.

The company is a small entity taxed at a rate of 20%.

The patent box rate is 10%.

The tax payable is therefore calculated as follows:

Patent box deduction £1000 x (20% − 10%)

20% Patent box deduction £500 £1000 − £500

Profits chargeable to corporation tax £500 Profits chargeable to corporation tax

Tax payable £500 x 20%

Tax payable £100

In this example, the relevant IP profits of £1000 are effectively taxed at a 10% rate (£100).

What do you need to do next?

- Click here to book a FREE 15 minutes no obligation Teams/Zoom call with Keith Loven to see if your company is eligible and if yes to help you with your patent application.

www.loveniplaw.co.uk