



M+A Partners

- + Chartered Accountants
- + Tax Specialists
- + Business Advisers

The Patent Box

Established in Norwich in 1917, **M+A Partners** is a major independent firm of Chartered Accountants and Chartered Tax Advisers.

The firm has nine partners and over a hundred members of staff, across offices in Norwich, Attleborough and Cromer.

Key to providing an excellent level of service are the relationships formed between our team and our clients. Every project we undertake is different, so we make it our priority to understand each client's unique requirements, combining technical expertise with a commercially astute outlook.

The requirements of clients across the range of sectors we work with are evolving and growing in complexity. As a firm, we have developed and diversified to ensure we have the breadth of experience to meet and exceed our clients' expectations.

The Government's Patent Box regime - designed to encourage and support innovative businesses in the UK - came into force on 1 April 2013. It allows companies to apply a 10% Corporation Tax rate to worldwide profits generated from the exploitation of certain patents granted in the UK or Europe.

The scheme could mean substantial cash savings for eligible businesses, potentially freeing up considerable sums for funding future growth and development.

Who can benefit from the Patent Box?

You can only use the Patent Box if your company:

- + Is liable to UK Corporation Tax;
- + Commercialises patents or develops new innovative patented products, processes or services; and
- + Owns or has exclusively licenced-in the patents and has undertaken qualifying development on them.

What types of profit qualify?

The 10% rate is applicable to profits relating to worldwide sales of patented products or items incorporating a patented product, as well as to sales of products made using a patented process. Royalties generated by licensing patents, income from the sales of patents themselves and infringement compensation are also covered.

Both new and existing patents are included in the scheme and profits generated before a patent is granted may also be eligible (for up to six years in the period from application to grant). This means that, in the year the patent is granted, your company could benefit from a windfall corporation tax repayment.

How does it work with Research and Development (R&D) tax relief?

Companies qualifying for the Patent Box should be undertaking significant R&D and qualify for R&D tax credits. The Patent Box legislation has been designed to complement this relief.

Changes were made to the Patent Box regime from 1 July 2016, requiring the claimant company to link its R&D activities to the Patent Box relief claim. The available relief can be reduced if the company holding the patent did not carry out the associated R&D.

How M+A Partners can help

There are inevitable complexities in the Patent Box regime and hurdles to overcome. Please get in touch with your usual **M+A Partners** contact or one of our experts below for advice on how your company's profits could benefit from the 10% rate, and how to go about claiming it.

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You may also like to visit www.mapartners.co.uk and view our **free online resources**.



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