

Patent Box.

Make every component count



AbbeyTax 


MARKEL®

Take advantage with patents

From time to time a change occurs that significantly shifts our reference points. The Patent Box moves patent rights from simply being an overhead to a potentially significant reducer of a company's corporation tax liability.

Since 1 April 2013, companies have been able to elect for a reduced rate of UK corporation tax. The reduced rate is 10% which will be phased in gradually over a five year period applying in full from 1 April 2017.

The 10% rate of corporation tax is applicable to products and services that incorporate patented inventions as long as the company owns or has an exclusive licence to exploit the patent and meets certain development criteria.

For example, profits from the sale of a product that has a patented part integrated into it can qualify in full for the reduced rate. The patent could be on a very small component that forms a much larger product. This piece of legislation is surprisingly generous. It is even possible to include profits from unpatented spares sold which are designed to be used with the patented product.

Your opportunity

We can help you take advantage of this wide ranging opportunity. If a company does not already hold a patent on its products and processes and they wish to benefit from a headline 10% corporation tax rate, we can seamlessly apply for a patent before securing maximum Patent Box tax relief. We are unique in that we can provide both services in-house and have developed a transparent step-by-step process and fee structure for both areas of advice.

Our programme of support

Our Patent Box service can be seen as a three stage process; an innovation workshop, applying for a patent to the UK Intellectual Property Office and finally, applying for the Patent Box tax relief. The steps are detailed further inside.

A step-by-step guide

Our specialist in-house Patent Box division can assist with obtaining a patent and claiming Patent Box tax relief. If a company does not already hold a patent on its products and processes and they wish to benefit from a headline 10% corporation tax rate, we can seamlessly apply for a patent before securing maximum Patent Box tax relief.

Step 1

A simplified approach for obtaining a patent

To allow businesses to take advantage of the Patent Box as early as possible, we have developed a simplified, fixed price approach to obtaining UK patents.

Stage 1 – Set up

Our patent attorney will contact the company to undertake an initial pre-qualification assessment over the phone to help identify which new products could be patented. If our patent attorney believes that there may be a case to file a patent application, they will arrange to have a meeting with the company (if appropriate) to gather the relevant technical information so that we can write the patent application.

Stage 2 – Drafting and filing the application to the UK Intellectual Property Office (IPO)

We will use the information provided to prepare at least one UK patent application for each of the products we have identified. The patent application includes a patent specification which describes an invention in technical detail and includes 'claims' (the legal definition of an invention).

We will file the patent application to the UK IPO and pay the necessary fees on the company's behalf.

Markel are proud to introduce you to Abbe and funding consultancy services. Abbe has been providing specialist tax and funding services and part of the Markel Corporation since 2010, on outstanding product quality and customer service.

During the first 12 months from the filing date of the patent application, any developments or modifications can be included by filing one or more further applications. A final application will then need to be filed at the end of the 12 month period, consolidating all of the earlier applications. The filing of the further applications will mean that the date from which tax relief can be claimed will be the date on which the final application is filed.

Stage 3 – Examination and grant

Within approximately six months of filing the application we will receive the patentability report from the IPO, which will tell us which claims the patent examiner will accept. We will then draft a response to overcome any objections raised by the examiner to ensure that the patent is granted.

Step 2

Applying for the Patent Box tax relief

As the first company in the UK to claim Patent Box tax relief, we have developed a robust, HMRC reporting model which underpins our ability to provide exactly what HMRC requires, query free. Our simplified, HMRC-friendly process for obtaining the tax relief has three stages:

Stage 1 – Set up

Our Patent Box tax specialist will contact the company to have an initial pre-qualification assessment which is usually done over the phone to help identify whether the Patent Box can be used to reduce corporation tax liability. If our tax specialist believes that there may be a case to reduce a corporation tax liability, they will arrange to have a meeting to gather the relevant information so that we can calculate the corporation tax savings and apply for the relief.

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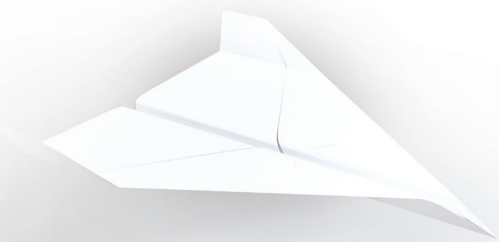
Stage 2 – The meeting and submission of the claim

Our Patent Box specialist will identify which streams of sales income qualify for the Patent Box relief.

The calculation is complex but we have developed an HMRC-approved process of calculating what profits can be taxed at 10%.

Stage 3 – Liaison with HMRC

We have built up excellent working relationships with the HMRC inspectors over many years. These are the same inspectors that will be processing the Patent Box claim. Once a claim has been submitted, we will liaise with the inspectors to ensure that the Patent Box claim is to their full satisfaction.





We are always happy to discuss your clients' requirements and after a brief meeting or telephone conversation, one of our experienced advisers will be able to advise whether the company will qualify for Patent Box relief.

To discuss your clients potential to claim and arrange a free health check, call us on 0345 223 2727.

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